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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2019

OR

☐ **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 Beverage Company
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)
1801 California Street, Suite 4600, Denver, Colorado, USA
1555 Notre Dame Street East, Montréal, Québec, Canada
(Address of principal executive offices)
84-0178360
(I.R.S. Employer Identification No.)
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	Trading symbols	Name of each exchange on which registered
Class A Common Stock, $0.01 par value	TAP.A	New York Stock Exchange
Class B Common Stock, $0.01 par value	TAP	New York Stock Exchange
1.25% Senior Notes due 2024	TAP	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The aggregate market value of the registrant's voting and non-voting common stock held by non-affiliates of the registrant at the close of business on the last trading day of the registrant's most recently completed second fiscal quarter, June 28, 2019, was approximately $10.2 billion 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 officers and directors of the registrant (and their respective affiliates) as of June 28, 2019, are excluded in that such persons may be deemed to be affiliates. This determination is not necessarily conclusive of affiliate status for other purposes.

The number of shares outstanding of each of the registrant's classes of common stock, as of February 5, 2020:

Class A Common Stock—2,560,668 shares Class B Common Stock—196,269,611 shares

Exchangeable shares:

As of February 5, 2020, the following number of exchangeable shares was outstanding for Molson Coors Canada, Inc.:

Class A Exchangeable Shares—2,725,130 shares Class B Exchangeable Shares—14,826,035 shares

The Class A exchangeable shares and Class B exchangeable shares are shares of the share capital in Molson Coors Canada Inc., a wholly-owned subsidiary of the registrant. They are publicly traded on the Toronto Stock Exchange under the symbols TPX.A and TPX.B, respectively. These shares are intended to provide substantially the same economic and voting rights as the corresponding class of Molson Coors common stock in which they may be exchanged. In addition to the registered Class A common stock and the Class B common stock, the registrant has also issued and outstanding one share each of a Special Class A voting stock and Special Class B voting stock. The Special Class A voting stock and the Special Class B voting stock provide the mechanism for holders of Class A exchangeable shares and Class B exchangeable shares to be provided instructions to vote with the holders of the Class A common stock and the Class B common stock, respectively. The holders of the Special Class A voting stock and Special Class B voting stock are entitled to one vote for each outstanding Class A exchangeable share and Class B exchangeable share, 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 Special Class A voting stock and Special Class B voting stock are subject to a voting trust arrangement. The trustee which holds the Special Class A voting stock and the Special Class B voting stock is required to cast a number of votes equal to the number of then-outstanding Class A exchangeable shares and Class B exchangeable shares, respectively, but will only cast a number of votes equal to the number of Class A exchangeable shares and Class B exchangeable shares as to which it has received voting instructions from the owners of record of those Class A exchangeable shares and Class B exchangeable shares, other than the registrant or its subsidiaries, respectively, on the record date, and will cast the votes in accordance with such instructions so received.

Documents Incorporated by Reference: Portions of the registrant's definitive proxy statement for the registrant's 2020 annual meeting of stockholders, which will be filed no later than 120 days after the close of the registrant's fiscal year ended December 31, 2019, are incorporated by reference under Part III of this Annual Report on Form 10-K.

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES

INDEX

Glossary of Terms and Abbreviations

Acquisition	Refers to the acquisition of SABMiller plc's ("SABMiller") 58% economic interest and 50% voting interest in MillerCoors LLC and all trademarks, contracts and other assets primarily related to the "Miller International Business," as defined in the purchase agreement dated November 15, 2015, as amended, by and between Anheuser-Busch InBev SA/NV ("ABI") and Molson Coors Brewing Company, outside of the U.S. and Puerto Rico from ABI, on October 11, 2016.
AOCI	Accumulated other comprehensive income (loss)
CAD	Canadian dollar
CZK	Czech Koruna
DBRS	A global credit rating agency in Toronto
DSUs	Deferred stock units
EBITDA	Earnings before interest, tax, depreciation and amortization
EPS	Earnings per share
EROA	Assumed long-term expected return on assets
EUR	Euro
FASB	Financial Accounting Standards Board
GBP	British Pound
HRK	Croatian Kuna
JPY	Japanese Yen
LIBOR	London Interbank Offered Rate
Moody's	Moody's Investors Service Limited, a nationally recognized statistical rating organization designated by the Securities and Exchange Commission
NAV	Net asset value
OCI	Other comprehensive income (loss)
OPEB	Other postretirement benefit plans
PBO	Projected benefit obligation
PSUs	Performance share units
RSD	Serbian Dinar
RSUs	Restricted stock units
S&P 500	Standard & Poor's 500 Index®
SEC	Securities and Exchange Commission
Standard & Poor's	Standard and Poor's Ratings Services, a nationally recognized statistical rating organization designated by the SEC
STRs	Sales-to-retailers
STWs	Sales-to-wholesalers
2017 Tax Act	U.S. Tax Cuts and Jobs Act
U.K.	United Kingdom
U.S.	United States
U.S. GAAP	Accounting principles generally accepted in the United States of America
USD or $	U.S. dollar
VIEs	Variable interest entities

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

This Annual Report on Form 10-K ("this report") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, (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 in Part II—Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations in this report, and under the heading "Outlook for 2020" therein, expectations regarding future dividends, overall volume trends, consumer preferences, pricing trends, industry forces, cost reduction strategies, including our revitalization plan announced in 2019 and the estimated range of related charges and timing of cash charges, anticipated results, expectations for funding future capital expenditures and operations, debt service capabilities, timing and amounts of debt and leverage levels, 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," "intend," "goals," "plans," "believes," "continues," "may," "anticipate," "seek," "estimate," "outlook," "trends," "future benefits," "potential," "projects," "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, those described in Part I—Item 1A "Risk Factors" elsewhere throughout this report, and those described from time to time in our past and future reports filed with the SEC. 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.

Market and Industry Data

The market and industry data used in this report are based on independent industry publications, customers, trade or business organizations, reports by market research firms and other published statistical information from third parties (collectively, the “Third Party Information”), as well as information based on management’s good faith estimates, which we derive from our review of internal information and independent sources. Such Third Party Information generally states that the information contained therein or provided by such sources has been obtained from sources believed to be reliable.

PART I

ITEM 1. BUSINESS

Unless otherwise noted in this report, any description of "we," "us" or "our" includes Molson Coors Beverage Company ("MCBC" or the "Company") (formerly known as Molson Coors Brewing Company), principally a holding company, and its operating and non-operating subsidiaries included within our reporting segments and Corporate. At December 31, 2019, our reporting segments included: MillerCoors LLC ("MillerCoors" or U.S. segment), operating in the United States; Molson Coors Canada ("MCC" or Canada segment), operating in Canada; Molson Coors Europe (Europe segment), operating in Bulgaria, Croatia, Czech Republic, Hungary, Montenegro, the Republic of Ireland, Romania, Serbia, the United Kingdom and various other European countries; and Molson Coors International ("MCI" or International segment), operating in various other countries. As further discussed below, in January 2020, we changed our management structure to two business units, our North America and Europe businesses. Accordingly, the segment reporting implications will not be reflected until the first quarter of 2020.

Unless otherwise indicated, information in this report is presented in USD and comparisons are to comparable prior periods. Our primary operating currencies, other than USD, include the CAD, the GBP, and our Central European operating currencies such as the EUR, CZK, HRK and RSD.

Background

We are one of the world's largest brewers and have a diverse portfolio of owned and partner brands, including global priority brands *Blue Moon, Coors Banquet, Coors Light, Miller Genuine Draft, Miller Lite,* and *Staropramen*, regional champion brands *Carling*, *Molson Canadian* and other leading country-specific brands, as well as craft and specialty beers such as *Creemore Springs*, *Cobra*, *Sharp's Doom Bar, Henry's Hard* and *Leinenkugel's*. With centuries of brewing heritage, we craft high-quality, innovative beverages with the purpose of uniting people to celebrate all life's moments. As a business, our ambition is to be the first choice for our people, our consumers and our customers, and our success depends on our ability to make our products available to meet a wide range of consumer segments and occasions.

Molson and Coors were founded in 1786 and 1873, respectively. Our commitment to producing the highest quality beers is a key part of our heritage and remains so to this day. Our brands are designed to appeal to a wide range of consumer tastes, styles and price preferences. Our largest markets are the U.S., Canada and Europe.

Coors was incorporated in June 1913 under the laws of the state of Colorado. In October 2003, Coors merged with and into Adolph Coors Company, a Delaware corporation. In February 2005, Adolph Coors Company merged with Molson Inc. ("the Merger"). Upon completion of the Merger, Adolph Coors Company changed its name to Molson Coors Brewing Company. In January 2020, we changed our name from Molson Coors Brewing Company to Molson Coors Beverage Company, as further discussed below.

Revitalization Plan

On October 28, 2019, we initiated a revitalization plan designed to allow us to invest across our portfolio to drive long-term, sustainable success. As part of our revitalization plan, we made the determination to establish Chicago, Illinois as our North American operational headquarters, close our existing office in Denver, Colorado and consolidate certain administrative functions into our other existing office locations.

Effective January 2020, we moved from a corporate center and four business units to two business units - North America and Europe. The North America business unit consolidates the United States, Canada and corporate center, enabling us to move more quickly with an integrated portfolio strategy. The Europe business unit allows for standalone operations, developed and supported by a European-based team, including local leadership, commercial, supply chain and support functions. The existing International team was reconstituted to more effectively grow our global brands - with the Africa and Asia Pacific businesses reporting into the European business unit and the remaining International business reporting into the North America business unit. The change in structure to two business units and the resulting financial reporting segment changes will not be reflected until our first quarter 2020 results.

We also changed our name from Molson Coors Brewing Company to Molson Coors Beverage Company, in January 2020 in order, to better reflect our strategic intent to expand beyond beer and into other growth adjacencies in the beverage industry.

Industry Overview

The brewing industry has significantly evolved over the years, becoming an increasingly global beer market. The industry was previously founded on local presence with modest international expansion achieved through export, license and partnership arrangements. More recently, it has become increasingly complex, as the consolidation of brewers has occurred globally, resulting in fewer major global market participants. In addition to the acquisitive element of this industry consolidation, the market continues to utilize export, license and partnership arrangements; however, these are often with the same global competitors that make up the majority of the market. This industry consolidation has resulted in a small number of large global brewers representing the majority of the worldwide beer market. At the same time, smaller local brewers within certain established markets are experiencing accelerated growth as consumers increasingly place value on locally-produced, regionally-sourced products. Changing consumer trends are also pushing the industry toward above premium beer, flavored malt beverages, and beyond beer altogether. As the beer industry continues its evolution of consolidation and diversification of its products to meet consumer demand with broadening preferences, large global brewers are uniquely positioned to leverage the scale, depth of product portfolio and industry knowledge to continue to lead the market forward.

Global Competitors' Market Capitalization

We evaluate ourselves in relation to other global brewers using various metrics, including overall market capitalization, volume, net sales revenue, gross margins and net profits, as well as our position within each of our core markets, with the goal to be the first choice for our consumers and customers. To provide a perspective of the relative size of the major participants in the global brewing market, the market capitalizations of our primary global competitors, based on foreign exchange rates as of December 31, 2019, were as follows:

	Market Capitalization (In billions)	
Anheuser-Busch InBev SA/NV	$	164.6
Heineken N.V. ("Heineken")	$	61.3
Carlsberg Group ("Carlsberg")	$	22.6
Asahi Group Holdings, Ltd. ("Asahi")	$	22.2
MCBC	$	11.8

Our Products

We have a diverse portfolio of owned and partner brands which are positioned to meet a wide range of consumer segments and occasions in a variety of markets, including *Blue Moon, Coors Banquet, Coors Light, Miller Genuine Draft, Miller Lite* and *Staropramen*. We consider these our global priority brands which we continue to invest in and focus on growing globally. We believe our portfolio encompasses all segments of the beer industry with the purpose of uniting people to celebrate all life's moments, including premium and premium lights, economy, above premium and craft, as well as adjacencies such as ciders and other malt beverages. Additionally, as we continue to evolve our strategy and portfolio to appeal to the ever-changing preferences of our consumer base, we are also broadening our range of products and offerings within our portfolio to include other beverage categories outside of traditional beer, including our emerging plans in the non-alcoholic beverage segment. The following includes our primary brands sold in each of our segments.

Brands sold in the U.S.

Global priority brands	**National champion and other regional brands**	**Craft and import brands**
Blue Moon	*Hamm's*	*Hop Valley*
Coors Banquet	*Icehouse*	*Leinenkugel's*
Coors Light	*Keystone*	*Peroni Nastro Azurro*(1)
Miller Genuine Draft	*Mickey's*	*Pilsner Urquell*(1)
Miller Lite	*Miller64*	*Revolver*
	Miller High Life	*Saint Archer*
	Milwaukee's Best	*Sol*(2)
	Olde English	*Terrapin*
	Steel Reserve	
Hard cider brands	**Flavored malt beverages**	
Crispin	*Arnold Palmer Spiked*(3)	
Smith & Forge	*Cape Line*	
	Henry's Hard	
	Redd's(4)	
	Steel Reserve Alloy Series	

(1) Under perpetual royalty-free license from Asahi.
(2) Under license from Heineken.
(3) In partnership with Hornell Brewing, an affiliate of Arizona Beverages
(4) Under perpetual royalty-free license from ABI.

Brands sold in Canada

Global priority brands	National champion and other regional brands	Craft and import brands
Belgian Moon	*Aquarelle*	*Brasseurs de Montréal*
Coors Original	*Carling*	*Creemore Springs*
Coors Light	*Carling Black Label*	*Granville Island*
Miller Genuine Draft	*Coors Edge*	*Le Trou du Diable*
Miller Lite	*Coors Slice*	
	Exel	
	Keystone	
	Mad Jack	
	Miller High Life	
	Molson Canadian	
	Molson Dry	
	Molson Export	
	Molson Ultra	
	Old Style Pilsner	
	Rickard's	
Licensed premium import brands(1)		
Heineken	*Dos Equis*	
Heineken 0.0	*Moretti*	
Strongbow cider	*Sol*	

(1) Under license from Heineken.

Brands sold in Europe

Global priority brands	National champion and other regional brands	Other(1)
Blue Moon	*Bergenbier*	*Aspall Cider*
Coors Light	*Borsodi*	*Bavaria*
Miller Genuine Draft	*Carling*	*Beck's*
Staropramen	*Jelen*	*Branik*
	Kamenitza	*Cobra*
	Niksicko	*Corona Extra*
	Ozujsko	*Lowenbrau*
		Pardubicky Pivovar
		Rekorderlig cider
		Sharp's Doom Bar
		Stella Artois

(1) The European business has licensing and distribution agreements with various other brewers through which it also brews and distributes *Beck's, Lowenbrau, Stella Artois* and *Spaten,* as well as a distribution agreement for the exclusive distribution of the *Corona* brand, throughout the Central European countries in which we operate. We have an agreement with Dutch brewer, Bavaria, for the exclusive on-premise and off-premise rights to the sales, distribution and customer marketing of *Bavaria* and its portfolio of brands in the U.K. We have an agreement for licensed brewing and distribution of the *Bavaria* portfolio in Croatia, Bosnia and Herzegovina, Serbia and Montenegro. We also distribute the *Rekorderlig* cider brand in the U.K. and the Republic of Ireland. In the U.K., we also sell the *Cobra* brands through the Cobra Beer Partnership Ltd. joint venture. Additionally, in order to be able to provide a full line of beer and other beverages to our U.K. on-premise customers, we sell "factored" brands, which are third-party beverage brands for which we provide distribution to retail, typically on a non-exclusive basis.

Brands sold in International

Global priority brands	National champion and other regional brands	Other
Blue Moon	*Miller High Life*	*Carling Strong*
Coors Light	*Thunderbolt*	*Coors Banquet*
Miller Genuine Draft		*Coors Original*
Miller Lite		*Keystone*
		Milwaukee's Best
		Miller Ace
		Miller Chill
		Miller Ultra
		Molson Canadian
		Redd's
		Singha
		Zima

Our Segments

In 2019, we operated the following segments: the U.S., Canada, Europe and International. A separate operating team managed each segment and each segment manufactures, markets, and sells beer and other malt beverage products. No single customer accounted for more than 10% of our consolidated sales in 2019, 2018 or 2017.

Effective January 1, 2020, as part of our revitalization plan, we changed our management structure to two business units - North America and Europe. The resulting financial reporting segment changes will not be reflected until our first quarter 2020 results.

United States Segment

- Headquarters: Chicago, Illinois
- Approximately 7,300 employees as of December 31, 2019
- Second largest brewer by volume in the U.S., representing approximately 23% of the total 2019 U.S. brewing industry shipments (excluding exports)
- Currently operating seven primary breweries, six craft breweries and two container operations. In January 2020, we announced plans to cease production at our Irwindale, California brewery, which is currently expected to occur by September 2020, and entered into an option agreement with Pabst Brewing Company, LLC, granting them an option to purchase the Irwindale brewery. Products produced in the Irwindale brewery will be transitioned to other breweries in our network. See Part II—Item 8 Financial Statements and Supplementary Data, Note 7, "Special Items" for additional details.

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 380 independent distributors and one owned distributor, Coors Distributing Company, purchases our products and distributes them to on- and off-premise retail accounts.

References to on- and off-premise sales volumes are the sales to retailers of these distributors, which we believe is a useful data point relative to consumer trends.

Channels

In the United States, the on-premise channel industry volume, which includes sales in bars and restaurants, declined approximately 3% in 2019.

The off-premise channel includes sales in convenience stores, grocery stores, liquor stores and other retail outlets. The off-premise channel industry volume declined approximately 1% in 2019 versus prior year.

The following table reflects the industry channel share trends over the last five years in the United States. Note that percentages reflect estimates based on market data currently available.

	Industry channel trend				
	2019	2018	2017	2016	2015
On-premise	16%	16%	16%	16%	17%
Off-premise	84%	84%	84%	84%	83%

Coors Distributing Company distributed approximately 2% of our total owned and non-owned volume in 2019.

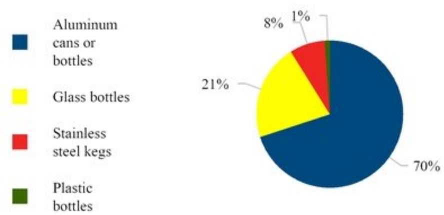
Manufacturing, Production and Packaging

Brewing Raw Materials

We use high quality ingredients to brew our products. We malt a portion of our production requirements, using barley purchased under primarily annual contracts from independent farmers located predominantly in the western United States. Other barley, malt, and cereal grains are purchased from suppliers primarily in the U.S. Hops are purchased from suppliers in the U.S. and Europe. We both own and lease water rights, as well as purchase water through local municipalities, to provide for and sustain brewing operations in case of a prolonged drought in the regions where we have operations. We do not currently anticipate future difficulties in accessing water or agricultural products used in our brewing process in the near term.

Packaging Materials

The following summarizes the percentage of our U.S. segment's packaging materials by type for the year ended December 31, 2019.



Aluminum cans or bottles:
- A portion of the aluminum containers was purchased from Rocky Mountain Metal Container ("RMMC"), our joint venture with Ball Corporation ("Ball"), whose production facilities, which are leased from us, are located near our brewery in Golden, Colorado.
- In addition to the supply agreement with RMMC, we have a supply agreement with Ball to purchase cans and ends in excess of what is supplied through RMMC.
- The RMMC joint venture agreement along with the cans and ends purchase agreement each expire on December 31, 2021.

Glass bottles:
- A portion of the glass bottles was provided by Rocky Mountain Bottle Company ("RMBC"), our joint venture with Owens-Brockway Glass Container, Inc. ("Owens"), whose production facilities, which are leased from us, are located in Wheat Ridge, Colorado. The RMBC joint venture agreement expires on July 31, 2025.
- In addition to the supply agreement with RMBC, we have a supply agreement with Owens for requirements in excess of RMBC's production, which expires on December 31, 2021.

Stainless steel kegs:
- Kegs are packaged in half, quarter, and one-sixth barrel stainless steel kegs.
- A limited number of kegs are purchased each year, and we have no long-term supply agreement.

Crowns, labels, corrugate and paperboard are purchased from a small number of sources unique to each product. In recent years, we have experienced a slight shift in the allocation among different packaging types toward aluminum cans and bottles and away from glass bottles. In general, aluminum cans allow for lower packaging costs compared to most other types of packaging materials. We do not currently anticipate future difficulties in accessing packaging products in the near term.

Contract Manufacturing

We have an agreement to brew, package and ship products for Pabst Brewing Company, LLC. Additionally, the U.S. segment produces beer for export to our Canada and International segments.

Seasonality of the Business

Total industry volume in the U.S. is sensitive to factors such as weather, changes in demographics, consumer preferences and drinking occasions. Weather conditions consisting of high temperatures and extended periods of warm and dry weather favor increased consumption of our products, while unseasonably cool or wet weather, especially during the summer months, adversely affects our sales volumes and net sales. Accordingly, consumption of beer in the U.S. is seasonal, with approximately 38% of industry sales volume typically occurring during the warmer months from May through August.

Known Trends and Competitive Conditions

2019 U.S. Beer Industry Overview

The beer industry in the United States is highly competitive, and the two largest brewers, ABI and MCBC together represented the majority of the market in 2019. However, we estimate the two largest brewers lost share in 2019 due to volume growth in the import and flavored malt beverage (including hard seltzers) categories as consumer preferences continue to shift within the industry to above premium priced beers. We believe growing or even maintaining our market share will require stabilizing our core brands and increasing our presence in the fast growing areas of the industry.

Competition from outside of the beer category continues to be a challenge for the beer industry. The following table summarizes the estimated percentage market share by volume of beer (including flavored malt beverages) and other alcohol beverages, including wine and spirits, as a component of the overall U.S. alcohol market over the last five years. We anticipate that 2019 data, when available, will reflect a continuation of the recent consumer trends. Note that percentages reflect estimates based on market data currently available.

	2018	2017	2016	2015	2014
Beer	49%	50%	51%	51%	51%
Other alcohol beverages	51%	50%	49%	49%	49%

Our Competitive Position

Our portfolio of beers competes with numerous above premium, premium, and economy brands. These competing brands are produced by international, national, regional and local brewers. We compete most directly with ABI brands, but also compete with imported and craft beer brands, as well as flavored malt beverages. The following table summarizes the estimated percentage share of the U.S. beer market represented by Molson Coors, ABI and all other brewers over the last five years. Note that current year percentages reflect estimates based on market data currently available.

	2019	2018	2017	2016	2015
MCBC's share	23%	24%	25%	25%	26%
ABI's share	42%	42%	43%	44%	45%
Others' share	35%	34%	32%	31%	29%

Our products also compete with other alcohol beverages, including wine and spirits, and thus their competitive position is affected by consumer preferences between and among these other categories. Driven by increased spirits advertising along with increased wine and spirits sales execution, 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.

Regulation

The U.S. beer business is regulated by federal, state, and local governments. These regulations govern many parts of our operations, including brewing, marketing and advertising, transportation, distributor relationships, sales, and environmental issues. To operate our facilities, we must obtain and maintain numerous permits, licenses and approvals from various governmental agencies, including the U.S. Department of Treasury, 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. In 2019, excise taxes on malt beverages were approximately $15 per hectoliter sold on a reported basis. This includes the impact of the Craft Beverage Modernization and Tax Reform Act which took effect on January 1, 2018 for all qualified large domestic brewers and importers effective for 2018 and 2019, and subsequently has been extended through fiscal year 2020, and resulted in reduced excise taxes for MCBC in the U.S. by $2 per barrel on the first six million barrels, which equated to $1.70 per hectoliter on this portion of volume. We transfer a portion of our share of these savings to distributors consistent with the revenue splitting approach of our U.S. segment's economic model. State excise taxes are levied in specific states at varying rates.

Refer to Part I—Item 1A, Risk Factors for risks associated with the regulatory environment in the U.S.

Canada Segment

- Headquarters: Toronto, Ontario (transitioning to North America operational headquarters in Chicago, Illinois in 2020)
- Approximately 2,600 employees as of December 31, 2019
- Canada's second largest brewer by volume and North America's oldest beer company, representing approximately 31% of the total 2019 Canada beer market
- Currently operating five primary breweries and four craft breweries

We brew, market, sell and distribute a wide variety of beer brands nationally. Our portfolio has leading brands in all major product and price segments. In 2019, *Coors Light* had an approximate 9% market share and was the second largest selling beer brand in Canada, and *Molson Canadian* had an approximate 5% market share and was the fourth largest selling beer in Canada. Additionally, in 2019 *Belgian Moon* was the largest selling craft beer in Canada.

The Canada segment also includes our partnership arrangements related to the distribution of beer in Ontario, Brewers' Retail Inc. ("BRI"), and in the western provinces, Brewers' Distributor Ltd. ("BDL"). BRI and BDL are accounted for under the equity method of accounting. The majority of ownership in BRI resides with MCC, Labatt Breweries of Canada LP (a subsidiary of ABI) and Sleeman Breweries Ltd. (a subsidiary of Sapporo International). BDL is jointly owned by MCC and ABI. In addition, we have an agreement with Heineken that grants us the right to import, market, distribute and sell certain Heineken products in Canada.

In line with our strategic initiatives to expand our craft portfolio, the Canada segment acquired Le Trou du Diable, a craft brewery in Quebec, in 2017. There were no additional acquisitions during 2018 or 2019. Additionally, on October 4, 2018, a wholly-owned subsidiary within our Canadian business completed the formation of an independent Canadian joint venture, Truss LP ("Truss"), with HEXO Corp. ("HEXO") to pursue opportunities to develop, produce and market non-alcoholic, cannabis-infused beverages. Truss is structured as a standalone start-up company with its own board of directors and an independent management team and we maintain a 57.5% controlling interest in the joint venture. Truss has been preparing for the launch of cannabis-infused products in the Canadian market, including the construction of a production facility in Belleville, Ontario. We currently expect that Truss will launch products in 2020, subject to obtaining all of the required licenses and regulatory clearances.

Sales and Distribution

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 involve a wide range and varied degree of Canadian government control through their respective provincial liquor boards. See below discussion for details by province.

Channels

In Canada, the on-premise channel includes sales in bars and restaurants. In Ontario and western Canada, we use jointly-owned distribution systems to deliver beer to on-premise customers along with products from Labatt Breweries of Canada LP and Sleeman Breweries Ltd. In Quebec and Eastern Canada, we primarily deliver directly. The on-premise channel, and relationships with customers, are highly regulated and the regulations differ significantly across different provincial jurisdictions.

The off-premise channel includes sales to convenience stores, grocery stores, liquor stores and other specialty retail outlets, including "The Beer Store" in Ontario, which is the world's largest beer retailer and is co-owned by Ontario's three largest brewers. The off-premise channel is highly regulated and differs significantly across different provincial jurisdictions.

The following table reflects the industry channel trends over the last five years in Canada.

	Industry channel trend				
	2019	2018	2017	2016	2015
On-premise	16%	16%	17%	17%	17%
Off-premise	84%	84%	83%	83%	83%

Province of Ontario

In Ontario, beer is primarily purchased at retail outlets operated by BRI, at government-regulated retail outlets operated by the Liquor Control Board of Ontario ("LCBO"), at approved agents of the LCBO, at certain licensed grocery stores, or at any bar, restaurant, or tavern licensed by the LCBO to sell alcohol for on-premise consumption. The BRI retail outlets operate under The Beer Store name. Brewers may deliver directly to BRI's outlets or may choose to use BRI's distribution centers to access retail stores in Ontario, the LCBO system, the grocery channel and licensed establishments.

In June 2019, the Ontario government adopted a bill that, if enacted, would terminate a 10-year Master Framework Agreement that was originally signed between the previous government administration and Molson Coors, Labatt Brewing Company Limited, Sleeman Breweries Ltd., and BRI in 2015 and governs the terms of the beer distribution and retail systems in Ontario through 2025. See Part I, Item 1A. Risk Factors, Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Part II—Item 8 Financial Statements and Supplementary Data, Note 18, "Commitments and Contingencies" for further discussion.

Province of Québec

In Québec, the distribution and sale of beer is governed by the Quebec Alcohol Corporation ("SAQ"). Beer is distributed to retail outlets directly by each brewer or through approved independent agents. We are the agent for the licensed brands we distribute. 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 controls the regulatory elements of distribution of all alcohol products in the province. BDL, which we co-own with ABI, manages the distribution of our products throughout British Columbia. Consumers can purchase beer at any Liquor Distribution Branch retail outlet, at any independently owned and licensed retail store or at any licensed establishment for on-premise consumption. Establishments licensed primarily for on-premise alcohol 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 our products in Alberta.

Other Provinces

Our 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 our products in Manitoba and Saskatchewan. In the Maritime Provinces (other than Newfoundland), local liquor boards distribute and sell our products. In Newfoundland, our products are sold through independent distributors. In Yukon, Northwest Territories and Nunavut, government liquor commissioners manage the distribution and sale of our products.

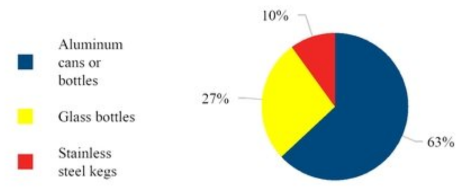
Manufacturing, Production and Packaging

Brewing Raw Materials

We use high quality ingredients to brew our products. We source barley malt from one primary provider, from which we have a committed supply through 2022. Hops are purchased from a variety of global suppliers in the U.S. and Europe through contracts that vary in length based on market conditions and cover our supply requirements through 2021. Other starch brewing adjuncts are sourced from two main suppliers, both in North America, through 2022. Water used in the brewing process is from local sources in the communities where our breweries operate. We do not currently anticipate future difficulties in accessing water or agricultural products used in our brewing process in the near term.

Packaging Materials

The following summarizes the percentage of our Canada segment's packaging materials by type for the year ended December 31, 2019.



Aluminum cans or bottles:

- We source cans and lids from two primary providers with the related contracts ending December 2023.
- The distribution systems in each province generally provide the collection network for returnable bottles and aluminum cans.

Bottles:

- We single source glass bottles and have a committed supply through December 2021.
- The standard bottle for beer brewed in Canada is the 341 ml returnable bottle and represents the vast majority of our bottle sales.
- Bottle sales continue to decline as we have experienced a shift in consumers' preference toward aluminum cans. The standard returnable bottle requires significant investment behind our returnable bottle inventory and bottling equipment. The trend away from returnable bottles could result in higher fixed cost deleverage related to these assets and an ultimate decreased need for the assets that support this packaging, which could adversely impact profitability.

Stainless steel kegs:

- A limited number of kegs are purchased every year, and we have no long-term supply commitment.

Crowns are currently sourced from one major supplier with a contract through December 2021. Paperboard and labels are currently sourced from one supplier each with contracts through December 2020 and December 2021, respectively. Corrugate is purchased from a small number of sources with contracts through December 2020 and March 2021. We do not currently anticipate future difficulties in accessing any of our required packaging materials in the near term.

Contract Manufacturing

We have an agreement with North American Breweries, Inc. ("NAB") to brew and package certain *Labatt* brands for export to the U.S. market.

Seasonality of Business

Total industry volume in Canada is sensitive to factors such as weather, changes in demographics, consumer preferences and drinking occasions. Weather conditions consisting of high temperatures and extended periods of warm and dry weather favor increased consumption of our products, while unseasonably cool or wet weather, especially during the summer months, adversely affects our sales volumes and net sales. Accordingly, consumption of beer in Canada is seasonal, with approximately 40% of industry sales volume typically occurring during the warmer months from May through August.

Known Trends and Competitive Conditions

2019 Canada Beer Industry Overview

The Canadian brewing industry is a mature market and ABI and MCBC are the two largest brewers. It is characterized by aggressive competition for volume and market share from regional brewers, microbrewers and certain foreign brewers, as well as our main domestic competitor. These competitive pressures require significant annual investment in marketing and selling activities. In 2019, the Ontario and Québec markets accounted for approximately 62% of the total beer market in Canada.

There are three major beer price segments: above premium, which includes craft and most imports; premium, which includes the majority of domestic brands and the light sub-segment; and value (below premium). Since 2001, the premium beer segment in Canada has gradually lost volume to the above premium and value segments.

The beer industry has declined in five of the last six years. Aging population and competition from other alcohol beverages have been the main contributors to the declining state of the beer industry.

The following table summarizes the estimated percentage market share by volume of beer (including adjacencies, such as cider) and other alcohol beverages, including wine and spirits, as a component of the overall Canadian alcohol market over the last five years, for which data is currently available. We anticipate that 2019 data, when available, will reflect a continuation of the recent consumer trends. Note that percentages reflect estimates based on market data currently available.

	2018	2017	2016	2015	2014
Beer	48%	47%	47%	48%	48%
Other alcohol beverages	52%	53%	53%	52%	52%

Our Competitive Position

Our brands compete with competitor beer brands and other alcohol beverages, including wine and spirits, and thus our competitive position is affected by consumer preferences among these other categories. Our brand portfolio gives us strong representation in all major beer segments.

The following table summarizes the estimated percentage share of the Canadian beer market represented by MCBC, ABI and all other brewers over the last five years. Current year percentages reflect estimates based on market data currently available.

	2019	2018	2017	2016	2015
MCBC's share	31%	32%	33%	33%	34%
ABI's share	41%	42%	42%	43%	43%
Others' share	28%	26%	25%	24%	23%

Regulation

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, distribution and sale of beer. In addition, the federal government regulates the advertising, labeling, quality control, and international trade of beer, and also imposes commodity taxes on both domestically produced and imported beer. In 2019, our Canada segment excise taxes were approximately $52 per hectoliter sold on a reported basis. 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.

Europe Segment

- Headquarters: Burton-on-Trent, U.K.
- Approximately 6,600 employees as of December 31, 2019
- Europe's second largest brewer by volume, on a combined basis, within the European countries in which we operate, with an approximate aggregate 19% market share (excluding factored products) in 2019
- Currently operating twelve primary breweries, eight craft breweries and one cidery

The majority of our European segment sales are in the U.K., Croatia, Czech Republic and Romania. Our portfolio includes beers that have the largest share in their respective countries, such as *Carling* in the U.K., *Ozujsko* in Croatia, *Jelen* in Serbia and *Niksicko* in Montenegro. We have beers that rank in the top three in market share in their respective segments throughout the region, such as *Kamenitza* in Bulgaria and *Borsodi* in Hungary. Additionally, we sell *Staropramen* and *Miller Genuine Draft* in various European countries. Our Europe segment includes our consolidated joint venture arrangement for the production and distribution of *Cobra* brands in the U.K. and the Republic of Ireland and factored brand sales (beverage brands owned by other companies, but sold and delivered to retail by us).

In January 2018, we purchased Aspall Cider Limited in the U.K., which is a premium top ten cider in the U.K. In June 2019, we purchased a majority stake in Pardubicky Pivovar in the Czech Republic and in July 2019, we purchased the trade and assets of Hop Stuff Brewery in the U.K., as part of our continued strategy to expand our craft beer portfolio.

Sales and Distribution

In Europe, beer is generally distributed through either a two-tier system consisting of manufacturers and retailers, or a three-tier system consisting of manufacturers, distributors and retailers. Distribution activities for both the on-premise and off-premise channels are conducted primarily by third-party logistics providers. Most of our beer in the U.K. is sold directly to retailers. We have an agreement with Tradeteam Ltd. ("Tradeteam", a subsidiary of DHL) to provide the distribution of our products throughout the U.K. until April 2029. We utilize several hundred third-party logistics providers across our Central European operations. We also conduct a small amount of secondary distribution in Czech Republic utilizing our own fleet of vehicles. It is also common in the U.K. for brewers to distribute beer, wine, spirits, and other products owned and produced by other companies, which we refer to as factored brands, to the on-premise channel (bars and restaurants). Approximately 17% of our Europe segment net sales in 2019 represented factored brands. In addition, we have an agreement with Heineken whereby they sell, market and distribute *Coors Light* in the Republic of Ireland, as well as agreements with ABI to brew and distribute *Beck's*, *Stella Artois*, *Lowenbrau* and *Spaten* and to distribute *Hoegaarden*, *Leffe*, and *Corona* in Central Europe.

<u>*Channels*</u>

In Europe, the on-premise channel includes sales to pubs and restaurants. The installation and maintenance of draught beer dispensing equipment in the on-premise channel is generally the responsibility of the brewer. Accordingly, we own refrigeration units and other equipment used to dispense beer from kegs to consumers that are used in on-premise outlets. This includes beer lines, cooling equipment, taps, and counter mounts.

The off-premise channel includes sales to supermarkets, convenience stores, liquor stores, distributors, and wholesalers. Over the last few years, the off-premise channel has become increasingly concentrated among a small number of super-store chains.

Generally, over the years, industry volumes in Europe 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. In 2019, approximately 40% of sales were on-premise and 60% were off-premise. Consistent with prior years, the on-premise channel has continued to experience declines from shifting consumer preference to off-premise partially due to smoking bans in many countries.

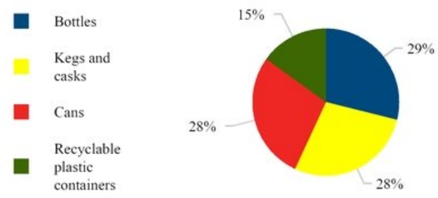
Manufacturing, Production and Packaging

<u>*Brewing Raw Materials*</u>

We use high quality ingredients to brew our products. During 2019, our malt requirements were sourced from third-party suppliers. We have multiple agreements with various suppliers that cover almost all of our total required malt, with terms ending in 2020 through 2026. Hops are purchased under various contracts with suppliers in Germany, the U.S. and the U.K., which cover our requirements through 2020. Adjuncts are purchased under various contracts with local producers, which are typically crop year contracts commencing in October of each year. Water used in the brewing process is sourced from various wells and through water rights and supply contracts. We do not currently anticipate future difficulties in accessing required water or agricultural products used in our brewing process in the near term.

Packaging Materials

The following summarizes the percentage of our Europe segment's packaging materials by type for the year ended December 31, 2019.



Bottles:
- A significant majority of glass returnable bottles are sourced under various agreements with third-party suppliers.

Kegs:
- A limited number of kegs are purchased each year from various suppliers, and we have no long-term supply commitment. We are currently in the process of signing new agreements which would cover all of our requirements for kegs in 2020.

Cans:
- We have long-term agreements with various suppliers that cover all of our required supply of cans, with terms ending in 2020 through 2023.

Recyclable plastic containers:
- We have multiple agreements with various manufacturers in the region, covering 100% of our requirements which expire in 2021. We do not currently anticipate any issues in renegotiating and extending contracts or in otherwise being able to access recyclable plastic containers.

Crowns, labels and corrugate are purchased from sources unique to each category. We do not currently foresee future difficulties in accessing these or other packaging materials in the near term.

Seasonality of Business

In Europe, the beer industry is subject to seasonal sales fluctuations primarily influenced by holidays, weather and by certain major televised sporting events. Weather conditions consisting of high temperatures and extended periods of warm and dry weather favor increased consumption of our products, while unseasonably cool or wet weather, especially during the summer months, adversely affects our sales volumes and net sales. Accordingly, the peak selling seasons typically occur during the summer and during the Christmas and New Year holiday season.

Known Trends and Competitive Conditions

2019 Europe Beer Industry Overview

Based on current data, we estimate that the Europe beer market will be nearly flat in 2019 compared to 2018. Since 2010, the off-premise market share has increased in our European markets from 55% to nearly 60% of total volume, and the on-premise market share has declined from 45% to just over 40%. Europe beer industry retail shipments have fluctuated by approximately 1% to 2% annually over the last five years. These market fluctuations are consistent with the fluctuations within the overall alcohol market in each of the respective years.

Our beers compete not only with similar products from competitors, but also with other alcohol beverages, including wines and spirits. The following table summarizes the estimated percentage market share by volume of beer and other alcohol beverages, including wine and spirits, as a component of the overall European alcohol market, within the countries in which we have production facilities, over the last five years, for which data is currently available. We anticipate that 2019 data, when available, will reflect a continuation of the recent consumer trends. Note that percentages reflect estimates based on market data currently available.

	2018	2017	2016	2015	2014
Beer	29%	29%	30%	30%	30%
Other alcohol beverages	71%	71%	70%	70%	70%

Our Competitive Position

In European countries where we currently operate, our primary competitors are Heineken, Asahi, ABI and Carlsberg. We believe our brand portfolio gives us strong representation in all major beer categories. The following table summarizes our estimated percentage share of the beer market within the European countries where we operate and our primary competitors over the last five years. Note that current year percentages reflect estimates based on market data currently available.

	2019	2018	2017	2016	2015
MCBC's share	19%	20%	20%	20%	20%
Primary competitors' share	56%	56%	56%	57%	56%
Others' share	25%	24%	24%	23%	24%

Regulation

Each country that is part of our Europe segment is either a member of the European Union ("EU") or a current candidate to join, with the exception of Bosnia, which is a potential candidate, and the U.K., which exited the EU on January 31, 2020. As such, there are similarities in the regulations that apply to many parts of our Europe segment's operations and products, including brewing, food safety, labeling and packaging, marketing and advertising, environmental, health and safety, employment and data protection regulations. To operate breweries and conduct our business in Europe, we must obtain and maintain numerous permits and licenses from various governmental agencies.

The U.K. exited the EU on January 31, 2020, which subjects our Europe segment to regulatory and market uncertainty as the U.K. remains in the EU customs union and single market until December 31, 2020, while the full terms of future trade agreements continue to be negotiated. See Part I—Item 1A Risk Factors under "Risks Specific to the Europe Segment" for further discussion of the risks specific to the U.K.'s exit from the EU.

Each country's government levies excise taxes on all alcohol beverages. With the exception of Serbia, Montenegro and Bosnia, all countries' laws on excise taxes are consistent with the directives of the EU. With the exception of Serbia, where a flat excise per hectoliter is used, all European countries use similar measurements based on either alcohol by volume or Plato degrees. The EU Excise Directives are currently under review which may result in all jurisdictions being required to account by reference to alcohol by volume. In 2019, the excise taxes for our Europe segment were approximately $44 per hectoliter on a reported basis. Refer to Part I—Item 1A, Risk Factors for risks associated with the regulatory environment in Europe.

International Segment

- Headquarters: Denver, Colorado (transitioning to North America operational headquarters in Chicago, Illinois, with Asia Pacific business transitioning to European headquarters in Burton-on-Trent, U.K. in 2020)
- Approximately 400 employees as of December 31, 2019
- International beer markets, including emerging markets in Latin America, Asia Pacific and Africa
- Currently operating under export models, local third-party contract manufacturing and license agreements, as well as owned breweries, which brew and package brands sold in India

Our International segment strategy is centered on our focus markets and focus brands. Our focus brands are *Coors Light*, *Miller Lite* and *Miller Genuine Draft*, which are aligned with global priority brands and account for the majority of our volumes. The International segment's portfolio of beers competes within the above premium category in most of our markets. Our principal competitors include large global brewers, as well as local brewers. As our International segment's objective is to grow and expand our business, we are developing scale and building market share in the countries where we operate. Many of the markets in which we operate are considered emerging beer markets, with other brewers controlling the majority of the market share. Our beers compete not only with similar products from competitors, but also with other alcohol beverages, including wines, spirits, and ciders, and thus our competitive position is affected by consumer preferences between and among these other categories.

As part of the acquisition of the Miller International Business, which we acquired in the fourth quarter of 2016, we entered into various Transitional Service Agreements (“TSAs”) with local SABMiller and now ABI owned entities for services including the selling, distribution and production of *Miller* brands. We have successfully created a presence and commercial routes to market and have established alternative production arrangements related to the *Miller* brands.

Latin America

In Latin America, we use a combination of export models and license agreements to sell *Blue Moon, Coors Light, Miller Genuine Draft, Miller High Life, Miller Lite* and other brands. In our export model markets, we import beer from the U.S. and sell it through agreements with independent distributors. In license markets, we have established exclusive licensing agreements with brewers and distributors for the manufacturing and distribution of our products. In certain of our markets, we rely on a combination of these agreements.

Asia Pacific and Africa

Our operations in the Asia Pacific region include markets such as Australia, India, Japan and South Korea. Our business in India consists primarily of operations in the states of Haryana, Punjab and Uttar Pradesh. Our consolidated India business produces, markets and sells a beer portfolio consisting of *Thunderbolt, Miller Ace, Miller High Life* and *Carling Strong*. We own three breweries in India (one of which is currently not operational as a result of the State of Bihar, India’s enactment of total alcohol prohibition in 2016), where we use high quality ingredients to brew our products, which are sourced through various contracts with local suppliers. We do not currently anticipate any significant disruption in the supply of these raw materials or brewing inputs in the near term.

Our Japan business imports our brands and sells through independent wholesalers. Our focus is on the marketing and selling of the *Blue Moon, Coors Light, Singha* and *Zima* brands. In Australia, we license our brands to a local partner that distributes locally produced and imported products including *Blue Moon*, *Miller Genuine Draft, Miller Chill* and other products for us. In South Korea, our brands include *Blue Moon*, *Coors Light*, *Miller Genuine Draft* and *Miller Lite* and are imported and sold through an independent distributor.

In Africa, we sell *Miller Genuine Draft* in South Africa and Zambia. *Miller Genuine Draft* is produced in South Africa and sold through a local license agreement. During the first half of 2018, we decided to formally exit our business in China and, during 2019, we completed the liquidation of this business.

Corporate

Corporate is not a reportable segment and primarily 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, information technology, finance, internal audit, insurance, ethics and compliance, risk management, global growth, supply chain and commercial initiatives, as well as acquisition, integration and financing costs. Additionally, Corporate includes the results of our water resources and energy operations in Colorado as well as the unrealized changes in fair value on our commodity swaps not designated in hedging relationships recorded within cost of goods sold, which are subsequently reclassified when realized to the segment in which the underlying exposure resides.

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 patent and design registrations with expiration dates through 2038 relating to brewing methods, beer dispensing systems, packaging and certain other innovations. We are not reliant on patent royalties for our financial success. Therefore, these expirations are not expected to have a significant impact on our business.

Sustainability

We believe in producing a beer we can be proud of, from barley to bottle. *Our Beer Print* is MCBC's approach to sustainability and the right way to grow our business. *Our Beer Print* is integral to how we will build long-term value for society and our shareholders, while leaving a positive imprint on our communities, on our environment and on our business.

We have a long legacy of leaving a positive imprint on the environment and our community. MCBC has been recognized on the Dow Jones Sustainability North America Index for nine consecutive years for our sustainability performance.

In 2012, MCBC became a charter member of the International Alliance for Responsible Drinking ("IARD"). This collaborative industry body represents the 11 largest global brewers, distillers and vintners, and partners with public sector, civil society and private stakeholders. IARD works with governments globally to target a 10% reduction in harmful use of alcohol by 2025.

In 2017, we launched Our Beer Print 2025 agenda, Raising the Bar on Beer, a new sustainability strategy for MCBC and a set of ambitious goals to take us to 2025. We focused our efforts where we can have the most positive impact on our business and society. We established goals across three pillars - Responsibly Refreshing, Sustainable Brewing and Collectively Crafted - that aim to address the expectations of our consumers and stakeholders, while we continue to make our operations even more resource efficient and resilient.

In 2019, we added new global packaging goals to our 2025 agenda, aiming for our packaging to be reusable, recyclable, compostable or biodegradable. We are also strengthening our goals to drive down packaging emissions, use more recycled materials in our plastic packaging and improve recycling solutions in our key markets by 2025. More information about Our Beer Print 2025 agenda can be found on our sustainability website, www.OurBeerPrint.com, which includes:

- Our Beer Print Report 2019, which presents the most recent progress made against our 2025 goals and highlights our recently launched packaging goals;
- ESG (Environment, Social and Governance) Report 2019, which includes more details on the underlying data, processes and policies that support ESG topics; and
- SDG (Sustainability Development Goals) Impact Report 2019, which shows how MCBC is taking action to contribute to the 17 global goals set forth by the United Nations by 2030.

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.

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 an impact 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 18, "Commitments and Contingencies" under the caption "*Environmental"* for additional information regarding environmental matters.

Employees

As of the end of 2019, we employed approximately 17,700 employees within our business globally. Specifically, we employed approximately 7,300 within our U.S. segment, 6,600 within our Europe segment, 2,600 within our Canada segment, 400 within our International segment, 200 within our Corporate headquarters in Colorado and 600 within our Global Business Services center. Under our recently announced revitalization plan the company is consolidating business units and offices to streamline the organization and find savings that will be reinvested back into the business. After taking into account all changes in each of the business units, including Europe, the plan is expected to reduce employment levels, in aggregate, by approximately 500 to 600 employees globally. The company expects the costs associated with the restructuring to be substantially recognized by the end of fiscal year 2021.

Available Information

We file with, or furnish to, the SEC reports, including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports pursuant to Section 13(a) or 15(d) of the Exchange Act. These reports are available free of charge via EDGAR through the SEC website (www.sec.gov) and are also available free of charge on our corporate website (www.molsoncoors.com) as soon as reasonably practicable after they are electronically filed with or furnished 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.

Information About Our Executive Officers

The following table sets forth certain information regarding our executive officers as of February 12, 2020:

Name	Age	Position
Gavin D.K. Hattersley	57	President and Chief Executive Officer
Tracey I. Joubert	53	Chief Financial Officer
Simon J. Cox	52	President and Chief Executive Officer, Molson Coors Europe
Peter J. Marino	47	President, Emerging Growth
E. Lee Reichert	53	Chief Legal and Government Affairs Officer
Michelle E. St. Jacques	42	Chief Marketing Officer

ITEM 1A. RISK FACTORS

Investing in our Company involves risk. The reader should carefully consider the following risk factors and the other information contained within this report. The risks set forth below are those that management believes are most likely to have a material adverse effect on us. However, the risks set forth below are not a comprehensive description of the risks facing our Company. We may also be subject to other risks or uncertainties not presently known to us or that we currently deem to be immaterial but may materially adversely affect our business, financial condition or results of operations in future periods. If the following risks or uncertainties, individually or in combination, actually occur, they may have a material adverse effect on our business, financial conditions, results of operations or prospects. See also "Cautionary Statement Pursuant to Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995."

Risks Specific to Our Company

The global beer industry and the broader alcohol industry are constantly evolving, and our position within the global beer industry and our markets in which we operate may fundamentally change. If we do not successfully transform along with evolving industry and market dynamics, then the result could have a material adverse effect on our business and financial results. The brewing industry has significantly evolved over the years becoming an increasingly global beer market. For many years, the industry operated primarily on local presence with modest international expansion achieved through export, license and partnership arrangements. In contrast, it has now become increasingly complex as the global consolidation of brewers has resulted in fewer major market participants. At the same time, smaller local brewers within certain geographies are seeing accelerated growth as consumers increasingly place value on locally-produced and/or regionally-sourced products. As a result of the increased global consolidation of brewers and the dynamic of an expanding new segment within the industry with new market entrants, the markets in which we operate, particularly the more mature markets, may evolve at a disadvantage to our current market position and local governments may intervene, which may fundamentally accelerate transformational changes to such markets. For example, the North American beer markets have long consisted of a select number of significant market participants with government-regulated routes to market. However, evolution in these markets and our other beer markets, together with emerging changes to consumer preferences, have introduced a significant increase in market entrants and resulted in increased consumer choice and market competition, as well as increased government scrutiny. Specifically, our U.S., Canada and Europe markets have experienced vast expansion in the craft beer industry along with the expansion of cider, flavored malt beverages (including hard seltzers), and other wellness beverages. If our competitors are able to respond more quickly to the evolving trends within the craft beer, cider, hard seltzer, flavored malt beverages and other wellness beverages categories, or if our new products are not successful, our business and financial results may be adversely impacted. In addition, certain states in the U.S. have passed or are considering passing, and Canada has passed, laws and regulations that allow the sale and distribution of cannabis. Currently, it is not possible to predict the impact of this on sales of alcoholic beverages but it is possible that legal cannabis usage could adversely impact the demand for our products. Furthermore, imported beers also continue to compete aggressively in the U.S. In Canada, changes to interprovincial trade rules, regulations, distribution models, and packaging requirements, such as government-owned retail outlets and industry standard returnable bottles, may be disadvantageous to us. Currently, in Ontario and other provinces, provincial governments are reviewing and/or changing this historical foundation as a result of this market evolution and increased demand by some for government intervention to increase competition and choice.

We also compete generally with other alcoholic beverages. We compete with other beer and beverage companies not only for drinker acceptance and loyalty, but also for shelf, cold box and tap space in retail establishments and for marketing focus by our distributors and their customers, all of which also distribute and sell other beers and alcoholic beverage products.

In addition, the broader alcohol industry is experiencing a rapid shift in drinking preferences and behaviors. We believe this has been driven by a generational demographic shift away from beer in particular towards other alcoholic and non-alcoholic beverages. As discussed above, even within the beer industry we have seen a shift away from the traditionally most popular beer brands and segments and a corresponding expansion in the craft beer industry along with the expansion of cider, hard seltzers, flavored malt beverages and other wellness beverages. Accordingly, we have initiated our revitalization plan, pursuant to which we will strive to achieve more consistent topline growth by expanding beyond beer and into adjacent beverage categories. However, if we are unsuccessful in evolving with, and navigating through, the changes to the markets in which we operate, there could be a material adverse effect on our business and financial results.

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 many of our markets, our primary competitors have greater financial, marketing, production and distribution resources than we do, and may be more diverse in terms of their geographies and brand portfolios. In all of the markets in which we operate, aggressive marketing strategies, such as reduced pricing, brand positioning, and increased capital or other investments by these competitors could have a material adverse effect on our business and financial results. In addition, continuing consolidation among major global brewers and between brewers and other beverage companies may lead to stronger or new competitors, loss of partner brands, negative impacts on our distributor networks and pressures from marketing and pricing tactics by competitors. Further, consolidation of distributors in our industry could reduce our ability to promote our brands in the markets in a manner that enhances rather than diminishes our brands' value, as well as reduce our ability to manage our pricing effectively and efficiently. Additionally, due to competition with brewers and other beverage companies, an increase in the purchasing power of our large competitors may cause further pricing pressures which could prevent us from increasing prices to recover higher costs necessary to compete. Such pressures could have a material adverse impact on our business and our financial results and market share. Failure to generate significant cost savings and margin improvement through our ongoing initiatives could adversely affect our profitability. Increased pressures for reduced pricing or difficulties in increasing prices while remaining competitive within our markets, as well as the need for increased capital investment, marketing and other expenditures could result in lower margins or loss of market share and volumes. Moreover, most of our major markets are mature, so growth opportunities may be more limited to us than to our global competitors. For example, sales in North America accounted for approximately 80% of our total 2019 sales.

Our success as an enterprise currently depends largely on the success of relatively few products in several mature markets specific to the beer industry; if consumer preferences shift away from our products, consumption of our products decline or we are unable to successfully and timely innovate beyond beer, our business and financial results could be materially adversely affected. Our *Coors Light* and *Miller Lite* brands in the U.S., *Coors Light, Molson Canadian*, *Coors Banquet* and *Carling* brands in Canada, and *Carling, Staropramen, Jelen, Bergenbier* and *Coors Light* brands in Europe represented more than half of each respective segment's sales volumes in 2019. Additionally, several of our brands represent a significant share of their respective market, therefore volatility in these markets could disproportionately impact the performance of these brands. Consequently, any material shift in consumer preferences away from these brands, or from the categories in which they compete, could have a material adverse effect on our business and financial results. Consumer preferences and tastes may shift away from our brands or beer generally due to, among others, changing taste preferences, demographics, downturn in economic conditions or perceived value, as well as changes in consumers' perception of our brands due to negative publicity, regulatory actions or litigation. Recently, there has been more attention focused on health concerns and the harmful effects of alcoholic beverages which could result in a change in the social acceptability of beer and other alcoholic beverages which could materially impact the consumption of beer and our sales. Additionally, in some of our major markets, specifically the U.S., Canada and Europe, there has been a shift in consumer preferences within the total beer market away from premium brands to "craft beer" produced by smaller, regional microbreweries, as well as a shift within the total alcohol beverage market from beer to wine and spirits. More recently, the rapid growth of hard seltzers in the U.S. may have shifted some consumers away from our brands and beer generally. Moreover, several of our major markets are mature and we have a significant share in such markets, therefore, small movements in consumer preference, such as consumer shifts away from premium light brands, can also disproportionately impact our results. Although the ultimate impact is currently unknown, the emergence of legal cannabis in certain U.S. states and Canada may result in a shift of discretionary income away from our products or a change in consumer preferences away from beer. As a result, a shift in consumer preferences away from our products or beer or a decline in the consumption of our products could result in a material adverse effect on our business and financial results.

Furthermore, as part of our revitalization plan, our future topline growth will depend, in part, on our ability to timely innovate and develop new products beyond traditional beer. In connection with our revitalization plan, we plan to innovate, test and scale products faster than we have before. However, the launch and ongoing success of new products are inherently uncertain, especially with respect to consumer appeal. The launch of a new product can give rise to a variety of costs and an unsuccessful launch or short-lived popularity of our product innovations could, among other things, affect consumer perception of our existing brands and our reputation as well as result in inventory write-offs and other costs. Our inability to attract consumers to our product innovations relative to our competitors' products, especially over time, could negatively affect our growth, business, and financial results.

The success of our business relies heavily on brand image, reputation, product quality and protection of intellectual property. It is important that we maintain and increase the image and reputation of our existing brands and products. Concerns about product quality, even when unsubstantiated, could be harmful to our image and the reputation of our brands and products. While we have quality control programs in place, in the event we or our third-party manufacturers experienced an issue with product quality or if any of our products become unsafe or unfit for consumption, are misbranded or cause injury, we may experience recalls or liability in addition to business disruption which could further negatively impact brand image and reputation, negatively affect our sales and cause us to incur additional costs. A widespread product recall, multiple product recalls or a significant product liability judgment could cause our products to be unavailable for a period, which could further reduce consumer demand and brand equity. Our brand image and reputation may also be more difficult to protect due to less oversight and control as a result of the outsourcing of some of our operations. We also could be exposed to lawsuits relating to product liability, marketing or sales practices or intellectual property infringement. Deterioration to our brand equity may be difficult to combat or reverse and could have a material effect on our business and financial results. In addition, because our brands carry family names, personal activities by certain members of the Molson or Coors families that harm their public image or reputation could also have an adverse effect on our brands. Further, our success is dependent on our ability to protect our intellectual property rights, including trademarks, patents, domain names, trade secrets and know-how. We cannot be certain that the steps we have taken to protect our intellectual property rights will be sufficient or that third parties will not infringe upon or misappropriate these rights or that other parties may claim that our brands infringe on their intellectual property rights. If we are unable to protect our intellectual property rights, it could have a material adverse effect on our business and financial results.

Weak, or weakening of, economic or other negative conditions in the markets in which we do business, including reductions in discretionary consumer spending, could have a material adverse effect on our business and financial results. Beer consumption in many of our markets is closely tied to general economic conditions and a significant portion of our portfolio consists of premium and above premium brands. Difficult macroeconomic conditions in our markets, such as decreases in per capita income and level of disposable income driven by increases to inflation, income taxes, the cost of living, unemployment levels, political or economic instability or other country-specific factors could have an adverse effect on the demand for our products. For example, a trend towards value brands in certain of our markets or deterioration of the current economic conditions could result in a material adverse effect on our business and financial results. A significant portion of our consolidated net sales revenues are concentrated in the U.S. Therefore, unfavorable macroeconomic conditions, such as a recession or slowed economic growth, in the U.S. could negatively affect consumer demand for our product in this important market. Under difficult economic conditions, consumers may seek to reduce discretionary spending by forgoing purchases of our products or by shifting away from our products to lower-priced products offered by other companies. Softer consumer demand for our products, particularly in the U.S., could reduce our profitability and could negatively affect our overall financial performance.

Our restructuring activities related to our revitalization plan may not be successful and the estimated costs associated with such activities may be more than expected, and our restructuring activities may adversely impact employee hiring and retention. On October 28, 2019, as part of the revitalization plan, we made the determination to establish Chicago, Illinois as our North American operational headquarters, close our existing office in Denver, Colorado and consolidate certain administrative functions into our other existing office locations. In connection with these consolidation activities, we expect to incur certain cash and non-cash restructuring charges related to employee relocation, severance, retention and transition costs, non-cash asset related costs, lease exit costs in connection with office leases in Denver, Colorado, and other transition activities currently estimated in the range of approximately $120 million to $180 million in the aggregate, the majority of which will be cash charges that we began recognizing in the fourth quarter of 2019, and will be further spread through the balance of fiscal years 2020 and 2021. In 2019, we recognized aggregate special charges of approximately $43 million related to this estimated range, comprised primarily of severance and retention charges of which approximately $40 million remained accrued as of December 31, 2019. These expenses will adversely impact our results of operations during the relevant periods and will reduce our cash position. Additionally, the amount of these estimated expenses, as well as our ability to achieve the anticipated cost savings, revitalization plan goals and other benefits of our restructuring activities, are subject to various assumptions and uncertainties. We may also experience additional costs in connection with these restructuring activities due to delays or other unforeseen circumstances. There is no assurance that we will successfully implement, or fully realize the anticipated costs and other benefits of our restructuring activities or execute successfully on our restructuring plan, in the time frames we desire or at all. If we fail to realize the anticipated benefits, including ongoing cost savings, or if we incur charges or costs in amounts that are greater than anticipated, our business, financial condition and operating results may be adversely affected.

In addition, in connection with the announcement that we plan to consolidate our office locations, we have experienced attrition in our workforce. As a result, we will be required to hire and train new employees to replace certain employees who were affected by our restructuring activities. The increased turnover in our employees could distract management and others from the operation of our business and make it more difficult to retain and hire new talent. The turnover and any resulting distraction could also negatively impact the overall performance of our employees, resulting in inefficiencies, higher short- or long-term costs, or decreased productivity. As a result of these or other similar risks, our business, plans, strategies, financial condition and operating results may be adversely affected.

Our significant debt level subjects us to financial and operating risks, and the agreements governing such debt subject us to financial and operating covenants and restrictions. Our indebtedness subjects us to various financial and operating covenants, including, but not limited to, restrictions on priority indebtedness, leverage thresholds, liens, certain types of secured debt and certain types of sale lease-back transactions and transfers of assets, each of which may limit our flexibility in responding to our business needs. If we are not able to maintain compliance with stated financial covenants or if we breach other covenants in any debt agreement, we could be in default under such agreement. Such a default would adversely affect our credit ratings, may allow our creditors to accelerate the related indebtedness, and may result in the acceleration of any other indebtedness to which a cross-acceleration or cross-default provision applies. Our significant debt level and the terms of such debt could, among other things:

- make it more difficult to satisfy our obligations under the terms of our indebtedness;
- limit our ability to refinance our indebtedness on terms acceptable to us, or at all;
- limit our flexibility to plan for and adjust to changing business and market conditions, including successfully execute our revitalization plan, and increase our vulnerability to general adverse economic and industry conditions;
- require us to make unfavorable changes to our current financing structure;
- require us to dedicate a substantial portion of our cash flow to make interest and principal payments on our debt, thereby limiting the availability of our cash flow to fund future acquisitions, working capital, business activities, and other general corporate requirements;
- limit our ability to obtain additional financing for working capital, capital expenditures, strategic opportunities, including acquisitions or other investments, to fund growth or for general corporate purposes, even when necessary to maintain adequate liquidity, particularly if any ratings assigned to our debt securities by rating organizations were revised downward; and
- adversely impact our competitive position in the industry.

In addition, certain of our current and future debt and derivative financial instruments have or, in the future, could have interest rates that are tied to reference interest rates, such as the LIBOR. The volatility and availability of such reference rates are out of our control. Accordingly, changes to or the unavailability of such rates, could result in increases to the cost of debt which would negatively affect our profitability. For example, in 2017, the UK's Financial Conduct Authority announced that after 2021 it would no longer persuade or compel panel banks to submit the rates required to calculate LIBOR, and it is unclear whether the banks currently reporting information used to set LIBOR will stop doing so after 2021. At this time, it is not possible to predict the effect any discontinuance, modification or other reforms to LIBOR or any other reference rate, or the establishment of alternative reference rates will have on us. However, should LIBOR no longer be available or if the methods of calculating LIBOR change from their current form, our borrowing costs could increase, which would negatively affect our profitability, and the attractiveness of borrowings under our current credit facility or future debt issuances could diminish, thereby limiting our access to capital.

A deterioration in our credit rating could increase our borrowing rates or have an adverse effect on our ability to obtain future financing or refinance current debt. Ratings agencies may downgrade our credit ratings below their current investment grade levels if we are unable to meet our deleveraging commitments. While we have publicly expressed our intention to maintain an investment grade debt rating, ratings are determined by third-party rating agencies. A credit ratings downgrade, particularly a downgrade below investment grade, could increase our costs of future borrowing and harm our ability to refinance our debt in the future on acceptable terms or access the capital markets.

Default by, or failure of, one or more of our counterparty financial institutions could cause us to incur significant losses. As part of our risk management activities, we enter into transactions involving derivative financial instruments, including, among others, forward contracts, commodity swap contracts, option contracts, with various financial institutions. In addition, we have significant amounts of cash and cash equivalents on deposit or in accounts with banks or other financial institutions in the U.S. and abroad. As a result, we are exposed to the risk of default by, or failure of, counterparty financial institutions. The risk of counterparty default or failure may be heightened during economic downturns and periods of uncertainty in the financial markets. If one of our counterparties were to become insolvent or file for bankruptcy, our ability to recover losses incurred as a result of default or to retrieve our assets that are deposited or held in accounts with such counterparty may be limited by the counterparty's liquidity or the applicable laws governing the insolvency or bankruptcy proceedings.

Our operations face significant exposure to changes in commodity prices, which could materially and adversely affect our business and financial results. We use a large volume of agricultural and other raw materials, some of which are purchased through supply contracts with third parties, to produce our products, including barley, malted barley, hops, corn, other various starches, water and packaging materials, including aluminum cans and bottles, glass and polyethylene terephthalate containers, as well as, cardboard and other paper products. We also use a significant amount of diesel fuel, natural gas and electricity 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, alternative sources for suppliers, global geopolitical events (especially as to their impact on crude oil prices and the resulting impact on diesel fuel prices), trade agreements among producing and consuming nations, governmental regulations, including tariffs, frosts, droughts and other weather conditions, changes in precipitation patterns, the frequency of extreme weather events, economic factors affecting growth decisions, inflation, plant diseases, theft and industry surcharges and other practices. For example, in June 2018, U.S. tariffs on aluminum imports from Canada, Mexico and EU went into effect (though the U.S. lifted the aluminum tariffs on Canada and Mexico in May 2019), which has created volatility in the price of aluminum in the U.S. and increased the price of aluminum used in some of our product packaging. In addition, our North America business unit is exposed to variability in the market price of a regional premium differential (referred to as "Midwest Premium" in the U.S.) charged by industry participants to deliver aluminum from the smelter to the manufacturing facility. This premium differential also fluctuates in relation to several conditions, including based on the supply of and demand for aluminum in a particular region, associated transportation costs and warehouse financing transactions, which limit the amount of physical aluminum available to consumers and increases the price differential as a result. During times of greater volatility in the Midwest Premium, the variability in our cost of goods sold can also increase. In addition to impacting the price we pay for the raw materials we purchase, changing premium differentials impact our end consumers as we must either pass on the increased cost to those consumers or experience a decrease in our profit margins as a result of the Midwest Premium differential. Increases in the Midwest Premium, or the inability to pass through any fluctuation in aluminum prices or regional premiums to our end consumers, could have a material adverse effect on our business, financial condition, results of operations and cash flow. To the extent any of the foregoing factors affect the availability or prices of ingredients or packaging or our hedging arrangements do not effectively or completely hedge changes in commodity price risks and we are not able to pass these increased costs along to customers, our business and financial results could be materially adversely impacted.

Unfavorable outcomes of legal or regulatory proceedings may adversely affect our business and financial condition. We are from time to time involved in or subject to legal or regulatory proceedings related to our business. Such proceedings can be complex, costly, and highly disruptive to business operations by diverting the attention and energies of management and other key personnel. The assessment of the outcome of such proceedings, including our potential liability, if any, is a highly subjective process that requires judgments about future events that are not within our control. The outcome of litigation, arbitration, regulatory or other proceedings, including amounts ultimately received or paid upon judgment or settlement, may differ materially from management's outlook or estimates, including any amounts accrued in the financial statements. Actual outcomes, including judgments, awards, settlements or orders, could have a material adverse effect on our business, financial condition, operating results, or cash flows.

We may incur impairments of the carrying value of our goodwill and other intangible assets which could have a material adverse effect on our business and financial results. In connection with various business combinations, we have historically allocated material amounts of the related purchase prices to goodwill and other intangible assets that are considered to have indefinite useful lives. For example, as a result of the Acquisition, we allocated approximately $6.3 billion and $7.6 billion to goodwill and indefinite-lived intangible assets, respectively. 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. Additionally, in conjunction with the brand impairment tests, we also reassess each brand's indefinite-life classification. Potential resulting charges from an impairment of goodwill or brand intangible, as well as reclassification of an indefinite-lived to a definite-lived brand intangible, could have a material adverse effect on our results of operations. For example, we identified a triggering event requiring an interim impairment assessment of the goodwill within our Canada reporting unit at the end of the third quarter of 2019, which resulted in a goodwill impairment loss of $668.3 million recorded within special items in our consolidated statements of operations during the third quarter of 2019. Furthermore, in the fourth quarter of 2016, an impairment loss of $495.2 million was recorded on the *Molson* core brand indefinite-lived intangible assets and it was determined that the *Molson* core brands had characteristics that had evolved which indicated a definite-life was more appropriate. These brands were therefore reclassified as definite-lived intangible assets and are being amortized over useful lives ranging from 30 to 50 years.

Our most recent impairment analysis, conducted as of October 1, 2019, the first day of our fiscal fourth quarter, indicated that the fair value of the U.S., Europe and Canada reporting units were estimated at approximately 17%, 12% and 0% in excess of their carrying values, respectively. In the current year testing, it was determined that the fair value of the U.S. and Canada reporting units declined during the year, while there was a slight increase in the fair value of the Europe reporting unit versus the prior year. As a result of our testing, the Europe and Canada reporting units continue to be considered at risk of future impairment in the event of significant unfavorable changes in the forecasted cash flows (including prolonged weakening of economic conditions, or significant unfavorable changes in tax, environmental or other regulations, including interpretations thereof), terminal growth rates, market multiples and/or weighted-average cost of capital utilized in the discounted cash flow analyses. The Canada *Coors Light* distribution agreement indefinite-lived intangible asset is also considered to be at risk of future impairment with a fair value estimated at approximately 11% in excess of its carrying value as of the impairment testing date. Although the fair values of our reporting units and indefinite-lived intangible assets are either equal to or in excess of their carrying values, the fair values are sensitive to the aforementioned potential unfavorable changes that could have an adverse impact on future analyses. Any future impairment of the U.S., Europe or Canada reporting units or brands, or reclassification of indefinite-lived brands to definite-lived, may result in material charges that could have a material adverse effect on our business and financial results, as evidenced by the charges incurred during the third quarter of 2019 and fourth quarter of 2016, as previously noted above. The testing of our goodwill for impairment is also predicated upon our determination of our reporting units. Any change to the conclusion of our reporting units or the aggregation of components within our reporting units could result in a different outcome to our annual impairment test. See Part II—Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations, Critical Accounting Estimates and Part II—Item 8 Financial Statements and Supplementary Data, Note 10, "Goodwill and Intangible Assets" for additional information related to the results of our annual impairment testing.

Termination of one or more manufacturer/distribution/production agreements could have a material adverse effect on our business and financial results. We manufacture and/or distribute products of other beverage companies through various joint venture, licensing, distribution, contract brewing or other similar arrangements, such as our agreement to import, market, distribute and sell certain Heineken brands in Canada, our arrangements with ABI to brew and distribute *Beck's*, *Stella Artois*, *Lowenbrau* and *Spaten* and to distribute *Hoegaarden*, *Leffe*, and *Corona* in Central Europe. We also have agreements with Asahi for the production and import of *Pilsner Urquell* and *Peroni Nastro Azurro* into the U.S. under perpetual royalty-free license. These agreements have varying expiration dates and performance criteria, with several agreements approaching expiration in the near future. Non-renewal of these agreements or loss of one more or more of these arrangements, because of failure of performance, failure to come to terms on a negotiated extension, as a result of industry consolidation or otherwise, could have a material adverse effect on our business and financial results.

Changes in various supply chain standards or agreements could have a material adverse effect on our business and financial results. Our business includes various joint venture and industry agreements which standardize parts of the supply chain system. An example includes our warehousing and customer delivery systems in Canada organized under joint venture agreements with other brewers. Any negative change in these agreements or material terms within these agreements could have a material adverse effect on our business and financial results.

We rely on a small number of suppliers to obtain the packaging materials we need to operate our business. The inability to obtain materials could unfavorably affect our ability to produce our products which could have a material adverse effect on our business and financial results. We purchase certain types of packaging materials, including aluminum cans and bottles, glass bottles and paperboard from a small number of suppliers. Consolidation of 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 and financial results. Additionally, if the financial condition of these suppliers deteriorates our business and financial results could be adversely impacted. Our suppliers' financial condition is affected in large part by conditions and events that are beyond our and their control, including: competitive and general market conditions in the locations in which they operate; the availability of capital and other financing resources on reasonable terms; loss of major customers; or disruptions of bottling operations that may be caused by strikes, work stoppages, labor unrest or natural disasters. A deterioration of the financial condition or results of operations of one or more of our major suppliers could adversely affect our business and financial results.

Risks associated with operating our joint ventures may materially adversely affect our business and financial results. We have entered into several joint ventures, including our joint ventures with Ball Corporation (i.e. Rocky Mountain Metal Container), and with Owens-Brockway Glass Container Inc. (i.e. Rocky Mountain Bottle Company), for a portion of our aluminum and glass packaging supply in the U.S. We may enter into additional joint ventures in the future. Our joint venture partners may at any time have economic, business or legal interests or goals that are inconsistent with our goals or with the goals of the joint venture. In addition, we compete against our joint venture partners in certain of our other markets. Disagreements with our business partners may impede our ability to maximize the benefits of our partnerships. Our joint venture arrangements may require us, among other matters, to pay certain costs or to make certain capital investments or to seek our joint venture partner's consent to take certain actions. In addition, our joint venture partners may be unable or unwilling to meet their economic or other obligations under the operative documents, and we may be required to either fulfill those obligations alone to ensure the ongoing success of a joint venture or to dissolve and liquidate a joint venture.

Our operations in developing and emerging markets expose us to additional risks which could harm our business and financial results. We expect our operations in developing and emerging markets to become more significant to our operating results as we continue to further expand internationally, including in connection with our acquisition of the Miller International Business. In certain of these markets, we have limited operating experience and may not succeed. In addition to risks described elsewhere in this section, our operations in these markets expose us to additional risks, including: changes in local political, economic, social and labor conditions; restrictions on foreign ownership and investments; repatriation of cash earned in countries outside the U.S.; import and export requirements; increased costs to ensure compliance with complex foreign laws and regulations; currency exchange rate fluctuations; a less developed and less certain legal and regulatory environment, which among other things can create uncertainty with regard to liability issues; longer payment cycles, increased credit risk and higher levels of payment fraud; and other challenges caused by distance, language, and cultural differences.

In addition, as a global company, we are subject to foreign and U.S. laws and regulations designed to combat governmental corruption, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act. Violations of these laws and regulations could result in fines and penalties, criminal sanctions against us, our officers, or our employees, prohibitions on the conduct of our business and prohibitions on our ability to offer our products and services in one or more countries, each of which could have a materially negative effect on our reputation, brands and our operating results. Although we have implemented policies and procedures designed to ensure compliance with these foreign and U.S. laws and regulations, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, there can be no assurance that our employees, business partners or agents will not violate our policies.

Changes to the regulation of the distribution systems for our products could adversely affect our business and financial results. Many countries in which we operate regulate the distribution of alcohol products and if those regulations were changed, it could alter our business practices and have material adverse effect on our business and financial results. For example, in the U.S. market, there is a three-tier distribution system that governs the sale of malt beverage products. That system, consisting of required separation of manufacturers, distributors and retailers, dates back to the repeal of prohibition and is periodically subject to legal challenges. To the extent that such challenges are successful and allow changes to the three-tier system, such changes could have a material adverse effect on our U.S. segment results of operations. Further, in Canada, our products are required to be distributed through each province's respective provincial liquor board. Additionally, in certain Canadian provinces, we rely on our joint venture arrangements, such as BRI and BDL, to distribute our products via retail outlets that are mandated and regulated by provincial government regulators. BRI owns and operates commercial retail outlets, known as The Beer Store, in Ontario, and BDL facilitates the distribution of our products in the western Canadian provinces. If provincial regulation should change, the costs to adjust our distribution methods could have a material adverse effect on our business and financial results.

Our consolidated financial statements are subject to fluctuations in foreign exchange rates, most significantly the Canadian dollar and the European operating currencies such as, Euro, British Pound, Czech Koruna, Croatian Kuna, Serbian Dinar, New Romanian Leu, Bulgarian Lev and Hungarian Forint. We hold assets and incur liabilities, earn revenues and pay expenses in different currencies, most significantly in Canada and throughout Europe. Because our financial statements are presented in USD, we must translate our assets, liabilities, income and expenses into USD. 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. Additionally, we are exposed to currency transaction risks related to transactions denominated in currencies other than one of the functional currencies of our operating entities, such as the purchase of certain raw material inputs or capital expenditures, as well as sales transactions and debt issuances or other incurred obligations. Further, certain actions by the government of any of the jurisdictions in which we operate could adversely affect our results and financial position. To the extent that we fail to adequately manage these risks through our risk management policies intended to protect our exposure to currency movements, which may affect our operations, including if our hedging arrangements do not effectively or completely hedge changes in foreign currency rates, our results of operations may be materially and adversely affected. For example, as a result of the U.K. vote in 2016 to leave the European Union, the GBP experienced a significant decline in comparison to USD and EUR and may continue to be volatile. Any significant further weakening of the GBP to the USD, including in connection with the uncertainty regarding the future trade agreements following the U.K.'s exit from the European Union, will have an adverse impact on our European revenues as reported in USD due to the importance and relative magnitude of U.K. sales. Additionally, the strengthening of the USD against the Canadian dollar, European currencies and various other global currencies would adversely impact our USD reported results due to the impact on foreign currency translation.

Changes in tax, environmental, trade or other regulations or failure to comply with existing licensing, trade and other regulations could cause volatility or have a material adverse effect on our business and financial results. Our business is highly regulated by national, state, provincial and local laws and regulations in various jurisdictions regarding such matters as tariffs, licensing requirements, trade and pricing practices, labeling, advertising, promotion and marketing practices, relationships with distributors, environmental matters, ingredient regulations, and other matters. These laws and regulations are subject to frequent re-evaluation, varying interpretations and political debate and inquiries from government regulators charged with their enforcement, which could have a material adverse effect on our business and financial results.

For example, on December 22, 2017, the 2017 Tax Act was enacted in the U.S. This enactment resulted in a number of significant changes to U.S. federal income tax law for U.S. corporations. Most notably, the statutory federal corporate income tax rate was changed from 35% to 21% for corporations and, as a result, we recorded an estimated net tax benefit of approximately $567 million in our consolidated statements of operations during the fourth quarter of 2017 driven by the effects of the 2017 Tax Act on our deferred tax positions as of December 31, 2017. Additionally, since 2018, the U.S. Department of Treasury has continued to issue proposed, temporary and final regulations to implement provisions of the 2017 Tax Act. We have continued to monitor these and while temporary and final regulations have not yet resulted in material adverse impacts to us, there are certain proposed regulations, which are not yet considered law, that if finalized as proposed, could result in a material adverse impact on our consolidated financial statements. Specifically, if certain of the proposed regulations are finalized as proposed with full retroactive application to January 1, 2018, then we would be required to recognize estimated income tax expense of approximately $100 million to $200 million upon enactment related to the proposed retroactive period through December 31, 2019, for fiscal years 2018 and 2019. This estimated range contains significant uncertainty and could be impacted by various factors, including any differences between the proposed and ultimately finalized regulations. Separately, in December 2018, the U.S. Department of Treasury issued a regulation that impacts our ability to claim a refund of certain federal duties, taxes, and fees paid for beer sold between the U.S. and certain other countries effective as of February 2019, and, as a result, based on the terms of the regulation, it is the U.S Department of Treasury's view that future claims will no longer be accepted, and further, we may be unable to collect approximately $40 million in historically claimed, but not yet received, refunds, which would negatively impact our revenue. In January 2020, the United States Court of International Trade issued an opinion and order ruling the challenged portions of this regulation dealing with refunds of certain federal duties, taxes and fees paid with respect to certain imported beer, to the extent of certain exported beer, to be unlawful. The U.S. Department of Treasury has until February 18, 2020 to provide a response to the proposed final judgment.

Additionally, modifications of U.S. laws and policies governing foreign trade and investment, including trade agreements and tariffs such as the United States-Mexico-Canada Agreement (a new trade agreement between the U.S. government and the Canadian and Mexican governments which will replace the North American Free Trade Agreement when ratified), or aluminum tariffs, could adversely affect our supply chain, business and results of operations. For example, in June 2018, U.S. tariffs on aluminum imports from Canada, Mexico and EU went into effect (though the U.S. lifted the aluminum tariffs on Canada and Mexico in May 2019), which has created volatility in the price of aluminum in the U.S. and increased the price of aluminum used in some of our product packaging. Continued imposition of U.S. aluminum tariffs, the implementation of additional tariffs and retaliatory tariffs from trade partners or related uncertainties could further increase the cost of certain of our imported materials, thereby adversely affecting our profitability.

Furthermore, various jurisdictions have adopted, or may seek to adopt, additional product labeling or warning requirements or limitations on the availability of our beverages relating to perceived adverse health consequences of some of our beverages. If additional or more severe requirements of this type are imposed on one or more of our beverages under current or future laws or regulations, they could inhibit sales of such beverages in such jurisdictions. In addition, we cannot predict whether our beverages will become subject to increased rules and regulations regarding labeling or warnings which, if enacted, could increase our costs or adversely impact sales.

Failure to comply with existing laws and regulations or changes in these laws, regulations, or interpretations thereof, 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. Additionally, uncertainties exist with respect to the interpretation of, and potential future developments in, complex domestic and international tax laws and regulations, the amount and timing of future taxable income and the interaction of such laws and regulations among jurisdictions. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

Climate change and other weather events may negatively affect our business and financial results. Our business depends, in large part, upon agricultural activity and natural resources. There is concern that carbon monoxide and other greenhouse gases in the atmosphere may have an adverse impact on global average temperatures, which could cause significant changes in global weather patterns and an increase in the frequency and severity of natural disasters. Changing weather patterns and more volatile weather conditions could result in decreased agricultural productivity in certain regions which may impact quality, 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. Furthermore, should weather patterns in our markets shift from warm or high temperatures to unseasonably cool or wet weather, consumption of our products may decline, which could have a material adverse effect on our business and results of operations. Increased frequency or duration of extreme weather conditions could also impair production capabilities, disrupt our supply chain, distribution networks and routes to market, 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.

Concern over climate change may result in new or increased regional, federal and global legal and regulatory requirements to reduce or mitigate the effects of greenhouse gases, or to limit or impose additional costs on commercial water use due to local water scarcity concerns. In the event that such regulation is more stringent than current regulatory obligations or the measures that we are currently undertaking to monitor and improve our energy efficiency and water conservation, we may experience disruptions in, or increases in our costs of, operation and delivery and we may be required to make additional investments in facilities and equipment or relocate our facilities. In particular, increasing regulation of fuel emissions could increase the cost of energy, including fuel, required to operate our facilities or transport and distribute our products, thereby increasing the distribution and supply chain costs associated with our products. As a result, the effects of climate change or water scarcity could negatively affect our business and operations. In addition, any failure to achieve our goals with respect to reducing our impact on the environment or perception (whether or not valid) of our failure to act responsibly with respect to water use and the environment or to effectively respond to new, or changes in, legal or regulatory requirements concerning climate change or water scarcity could result in adverse publicity and could adversely affect our business, reputation, financial condition or results of operations. There is also increased focus, including by governmental and non-governmental organizations, investors, customers and consumers on these and other environmental sustainability matters, including deforestation, land use, climate impact and water use. Our reputation could be damaged if we or others in our industry do not act, or are perceived not to act, responsibly with respect to our impact on the environment.

An inadequate supply or availability or quality water could have a material adverse effect on, among other things, our sales, production processes, other costs and, in turn, profitability. Quality water is a key ingredient in our brewing process. Clean water is a limited resource in many parts of the world and climate change may increase water scarcity and cause 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. Further, unavailability of clean water at our breweries could limit our ability to brew, which could cause a decrease in production.

We and our suppliers are dependent on sufficient amounts of quality water for operation of our breweries and key facilities and the key facilities of our significant suppliers. The suppliers of the agricultural raw materials we purchase are also dependent upon sufficient supplies of quality water for their fields. A substantial reduction in water in certain agricultural areas could result in material losses of crops, such as barley or hops, which could lead to a shortage of our product supply. If water available to our operations or the operations of our suppliers becomes scarce or the quality of that water deteriorates, we may incur increased production costs or face production constraints.

Loss, operational disruptions or closure of a major brewery or other key facility, due to unforeseen or catastrophic events or otherwise, could have a material adverse effect on our business and financial results. Our business could be interrupted and our financial results could be materially adversely impacted by physical risks such as earthquakes, hurricanes, floods, terror attacks and other natural disasters or catastrophic events that damage or destroy one of our breweries or key facilities or the key facilities of our significant suppliers. If any of our breweries or key facilities or the key facilities of our significant suppliers were to experience a significant operational disruption or catastrophic loss, it could delay or disrupt production, shipments and revenue, and result in potentially significant expenses to repair or replace these properties.

Additionally, certain catastrophes are not covered by our general insurance policies, which could result in significant unrecoverable losses. Furthermore, our business and results of operations could be adversely impacted by under-investment in physical assets or production capacity, including contract brewing and effect on priority of our brands if production capacity is limited. Further, significant excess capacity at any of our breweries as a result of increased efficiencies in our supply chain process or continued volume declines, could result in under-utilization of our assets, which could lead to excess overhead expenses or additional costs incurred associated with the closure of one or more of our facilities. For example, as part of a strategic review of our supply chain network, certain breweries and bottling lines were closed in recent years, and we have and continue to incur brewery closure costs, including charges associated with the planned closure of the Irwindale brewery in 2020. We regularly review our supply chain network to ensure that our supply chain capacity is aligned with the needs of the business. Such reviews could potentially result in further closures and the related costs could be material.

Failure to successfully identify, complete or integrate attractive acquisitions and joint ventures into our existing operations could have an adverse effect on our business and financial results. We have made a number of acquisitions and entered into several strategic joint ventures. In order to compete in the consolidating global brewing industry, we anticipate that we may, from time to time, in the future acquire additional businesses or enter into additional joint ventures that we believe would provide a strategic fit with our business such as the Acquisition and our Canadian business' joint venture with HEXO and the various other craft acquisitions we have made recently. Potential risks associated with acquisitions and joint ventures could include, among other things: our ability to identify attractive acquisitions and joint ventures; our ability to offer potential acquisition targets and joint venture partners' competitive transaction terms; our ability to raise capital on reasonable terms to finance attractive acquisitions and joint ventures; our ability to realize the benefits or cost savings that we expect to realize as a result of the acquisition or joint venture; diversion of management's attention; our ability to successfully integrate our businesses with the business of the acquired company; motivating, recruiting and retaining key employees; conforming standards, controls, procedures and policies, business cultures and compensation structures among our company and the acquired company; consolidating and streamlining sales, marketing and corporate operations; potential exposure to unknown liabilities of acquired companies; potential exposure to unknown or future liabilities or costs that affect the markets in which acquired companies or joint ventures operate; reputational or other damage due to the conduct of a joint venture partner; loss of key employees and customers of the acquired business; and managing tax costs or inefficiencies associated with integrating our operations following completion of an acquisition or entry into a joint venture.

Poor investment performance of pension plan holdings and other factors impacting pension plan costs could unfavorably affect our business, liquidity and our financial results. 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, government regulation, court rulings or other changes in legal requirements, 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. These funding requirements also may require contributions even when there is no reported deficit. 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 (or the timing of such contributions) could have a material adverse effect on our cash flows, credit rating, cost of borrowing, financial position and/or results of operations. For example, following the completion of the triennial review of the U.K. pension plan with the plan's trustees in 2014, we made a GBP 150 million contribution to our U.K. pension plan in January 2015, based on the underfunded status of the plan and the evaluation of the plan's performance and long-term obligations. In addition, we made pension plan contributions during 2017 of approximately $310 million, including $200 million of discretionary contributions to the U.S. pension plan.

We depend on key personnel, the loss of whom could harm our business. The loss of the services and expertise of any key employee could harm our business. Our future success depends on our ability to identify, attract and retain qualified personnel on a timely basis. Turnover of senior management can adversely impact our stock price, our results of operations and our client relationships and may make recruiting for future management positions more difficult. In addition, we must successfully integrate any new management personnel that we hire within our organization, or who join our organization as a result of an acquisition, in order to achieve our operating objectives, and changes in other key management positions may temporarily affect our financial performance and results of operations as new management becomes familiar with our business.

Due to a high concentration of workers represented by unions or trade councils in Canada, Europe, and the U.S., we could be significantly affected by labor strikes, work stoppages or other employee-related issues. As of December 31, 2019, approximately 45%, 35%, and 30% of our Canadian, European and U.S. workforces, respectively, are represented by trade unions or councils. Stringent labor laws in certain of our key markets expose us to a greater risk of loss should we experience labor disruptions in those markets. A prolonged labor strike, work stoppage or other employee-related issue, could have a material adverse effect on our business and financial results. For example, in the first quarter of 2017, our Toronto brewery unionized employees commenced a labor strike initiated from on-going negotiations of the collective bargaining agreement. This labor strike resulted in slower than expected production at the Toronto brewery in the first quarter of 2017. From time to time, our collective bargaining agreements come due for renegotiation, and, if we are unable to timely complete negotiations, affected employees may strike, which could have an adverse effect on our business and financial results.

Because of our reliance on third-party service providers and internal and outsourced systems for our information technology and certain other administrative functions, we could experience a disruption to our business. We rely extensively on information services providers worldwide for our information technology functions including network, help desk, hardware and software configuration. Additionally, we rely on internal networks and information systems and other technology, including the internet and third-party hosted services, to support a variety of business processes and activities, including procurement and supply chain, manufacturing, distribution, invoicing and collection of payments. We use information systems for certain human resource activities and to process our employee benefits, as well as to process financial information for internal and external reporting purposes and to comply with various reporting, legal and tax requirements. As information systems are critical to many of our operating activities, our business may be impacted by system shutdowns, service disruptions, obsolescence, or security breaches. Additionally, if one of our 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.

A breach of our information systems could cause material financial or reputational harm. Our information systems may be the target of cyber-attacks or other security breaches, which, if successful, could, among other things, expose us to the loss of key business, employee, customer or vendor information, cause us to breach our legal, regulatory or contractual obligations, create an inability to access or rely upon critical business records or cause a disruption of our operations. These breaches may result from human errors, equipment failure, or fraud or malice on the part of employees or third parties. If our information systems suffer severe damage, disruption or shutdown, we could experience delays in reporting our financial results and we may lose revenue and profits as a result of our inability to timely manufacture, distribute, invoice and collect payments from our customers.

We expend significant financial resources to protect against threats and cyber-attacks and may be required to further expend financial resources to alleviate problems caused by physical, electronic and cyber security breaches. As techniques used to breach security are growing in frequency and sophistication and are generally not recognized until launched against a target, regardless of our expenditures and protection efforts, we may not be able to implement security measures in a timely manner or, if and when implemented, these measures could be circumvented. Misuse, leakage or falsification of information could result in a violation of data privacy laws and regulations, such as the European Union's General Data Protection Regulation, damage our reputation and credibility or expose us to increased risk of lawsuits, loss of existing or potential future customers and/or increases in our security costs, any of which could have a material adverse effect on our business and financial results. In addition, we may suffer financial and reputational damage because of lost or misappropriated confidential information and may become subject to legal action and increased regulatory oversight or consumers may avoid our brands due to negative publicity. We could also be required to spend significant financial and other resources to remedy the damage caused by a security breach or to repair or replace networks and information systems, which could have a material adverse effect on our business and financial results. In the event of a breach resulting in loss of data, such as personally identifiable information or other such data protected by data privacy or other laws, we may be liable for damages, fines and penalties for such losses under applicable regulatory frameworks despite not handling the data. Further, the regulatory framework around data custody, data privacy and breaches varies by jurisdiction and is an evolving area of law. We may not be able to limit our liability or damages in the event of such a loss.

If Pentland and the Coors Trust do not agree on a matter submitted to our stockholders or if a super-majority of our board of directors do not agree on certain actions, generally the matter will not be approved, even if beneficial to us or favored by other stockholders or a majority of our board of directors. Pentland Securities (1981) Inc. ("Pentland") (a company controlled by the Molson family and related parties) and the Adolph Coors, Jr. Trust (the "Coors Trust") (a trust controlled by the Coors family and related parties), which together control more than 90% of our Class A common stock and Class A exchangeable shares, have a voting trust agreement 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. If 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 are required to vote all of the Class A common stock and Class A exchangeable shares deposited in the voting trust against the matter. There is no other mechanism in the voting trust agreement to resolve a potential deadlock between these stockholders. Therefore, if either Pentland or the Coors Trust is unwilling to vote in favor of a proposal that is subject to a stockholder vote, we would be unable to implement the proposal even if our board of directors, management or other stockholders believe the proposal is beneficial to us. Similarly, our bylaws require the authorization of a super-majority (two-thirds) of the board of directors to take certain transformational actions. Thus, it is possible that the Company will not be authorized to take action even if it is supported by a simple majority of the board of directors.

The interests of the controlling stockholders may differ from those of other stockholders and could prevent the Company from making certain decisions or taking certain actions that would be in the best interest of the other stockholders. Our Class B common stock has fewer voting rights than our Class A common stock and holders of our Class A common stock have the ability to effectively control or have a significant influence over certain company actions requiring stockholder approval, which could have a material adverse effect on Class B stockholders. See Part II—Item 8 Financial Statements and Supplementary Data, Note 8, "Stockholders' Equity" for additional information regarding voting rights of Class A and Class B stockholders.

Changes in the social acceptability of alcohol, perceptions of our products and the political view of the alcohol beverage industry may harm our business. The alcoholic beverage industry is regularly the subject of anti-alcohol activist activity related to the health concerns from the misuse of alcohol and concerns regarding underage drinking and exposure to alcohol advertisements. In addition, in recent years, there has been an increase in public and political attention on health and well-being as it relates to the alcohol beverage and other industries. Negative publicity regarding beer and changes in consumer perceptions in relation to beer and other alcoholic beverages, could adversely affect the sale and consumption of our products which could, in turn, adversely affect our business and financial conditions. Additionally, the concerns around alcohol as well as health and well-being could result in unfavorable regulations or other legal requirements in certain of our markets, such as advertising, selling and other restrictions, increased taxes associated with our sales, or the establishment of minimum unit pricing. Any such regulations or requirements could change consumer and customer purchasing patterns, which could negatively impact our business, results of operations, cash flows or financial condition. In particular, advocates of prohibition and other severe restrictions on the marketing and sales of alcohol are becoming increasingly organized and coordinated on a global basis, seeking to impose laws or regulations or to bring actions against us, to curtail substantially the consumption of alcohol, including beer, in developed and developing markets. To the extent such views gain traction in regulations of jurisdictions in which we do or plan to do business, they could have a material adverse effect on our business and financial results. For example, in early 2016, the government of Bihar, India, the largest state in India in which our International segment operates, announced a complete prohibition on the sale and distribution of alcohol, which resulted in the impairment of assets totaling $30.8 million, recorded during the second quarter of 2016.

Our internal control over financial reporting may not be designed or operate effectively which could result in material misstatements in our financial statements, which could, in turn, have a significant adverse effect on our business and the price of our common stock. Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rule 13a-15(f). We previously identified a material weakness in internal control over financial reporting as of December 31, 2018, and as a result, management concluded that we did not maintain effective internal control over financial reporting as of December 31, 2018, based on criteria set forth by the Committee of Sponsoring Organization of the Treadway Commission in "*Internal Control-An Integrated Framework* (2013)." We believe this material weakness has been fully addressed by the remediation measures put in place during the 2019 fiscal year. However, we cannot provide assurance that we will not identify additional material weaknesses in our internal control over financial reporting in the future. Any of the foregoing may adversely affect our reputation and business and the market price of our common stock.

Additional Risks Applicable to the United States Segment

Our U.S. business is highly dependent on independent distributors to sell our products, with no assurance that these distributors will effectively sell our products. We sell nearly all of our products, including all of our imported products, in the U.S. to independent distributors for resale to retail outlets. These independent distributors are entitled to exclusive territories and protected from termination by state statutes and regulations. Consequently, if we are not allowed, or are unable under acceptable terms or at all, to replace unproductive or inefficient distributors, our business, financial position and results of operation may be adversely affected, which could have a material adverse effect on our business and financial results.

Additional Risks Applicable to the Canada Segment

Government mandated changes to the retail distribution model resulting from new regulations may have a material adverse effect on our Canada business. In June 2019, the Ontario government adopted a bill that, if enacted, would terminate a 10-year Master Framework Agreement that was originally signed between the previous government administration and MCBC, Labatt Brewing Company Limited, Sleeman Breweries Ltd., and Brewers Retail Inc. in 2015 and governs the terms of the beer distribution and retail systems in Ontario through 2025. The government has not yet proclaimed the bill as law. The impacts of these potential legislative changes are unknown at this time but could have a negative impact on the results of operations, cash flows and financial position of the Canada segment. While discussions remain ongoing with the government to reach a mutually agreeable alternative to the enactment of the law, we and the other Master Framework Agreement signatories are prepared to vigorously defend our rights and pursue legal recourse, should the Master Framework Agreement be unilaterally terminated by the enactment of the legislation.

Our Canadian business faces numerous risks relating to its joint venture in the Canadian cannabis industry. In 2018, a wholly-owned subsidiary within our Canadian business completed the formation of an independent Canadian joint venture with HEXO, a Canadian entity listed on the New York Stock Exchange and the Toronto Stock Exchange that serves the Canadian cannabis market. The joint venture, Truss LP, is developing non-alcoholic, cannabis-infused beverages for the Canadian market subject to obtaining all of the required licenses and regulatory clearances. The success and consumer acceptance of any products produced by the joint venture cannot be assured. Further, our Canadian subsidiary's involvement in the Canadian cannabis industry may negatively impact: consumer, business partner, investor or public sentiment regarding our brands, Canadian beer business or our company. The emerging cannabis industry in Canada and in other jurisdictions is evolving rapidly and subjects us to a high degree of political, legal and regulatory uncertainty. The occurrence of any of the above risks could have a material adverse effect on our business.

We may experience adverse effects on our Canada business and financial results due to declines in the overall Canadian beer industry, continued price discounting, increased cost of goods sold and higher taxes. If the Canadian beer market continues to decline, the impact to our financial results could be exacerbated due to our significant share of the overall market. Additionally, continuation or acceleration of price discounting, in Ontario, Québec, Alberta or other provinces, as well as increases in our cost of goods sold, could adversely impact our business. Further, changes in the Canadian tax legislation, such as the potential for an increase in beer excise taxes, could decrease our net sales. Although the ultimate impact is currently unknown, the legalization of cannabis in Canada may result in a shift of discretionary income away from our products or a change in consumer preferences away from beer or our other products. Moreover, the future success and earnings growth of the Canada business depends, in part, on our ability to efficiently conduct our operations. Failure to generate significant cost savings and margin improvement through our ongoing initiatives could adversely affect our profitability.

If we are required to move away from the industry standard returnable bottle we use today, we may incur unexpected losses. Along with other brewers in Canada, we currently use an industry standard returnable bottle which represents approximately 27% of total volume sales (excluding imports) in Canada. Changes to the Industry Standard Bottle Agreement could impact our use of the industry standard returnable bottle. If we cease to use the industry standard returnable bottle, our current bottle inventory and a portion of our bottle packaging equipment could become obsolete and could result in a material write-off of these assets.

Indemnities provided to the purchaser of our previous interest in 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 previous ownership interest in Kaiser, which was held by our Canadian business, 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. These indemnity obligations are recorded as liabilities on our consolidated balance sheets, 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.

Additional Risks Applicable to the Europe Segment

The vote in the U.K. to leave the European Union could adversely affect us. Approximately 11% of our consolidated net sales in 2019 came from the U.K., which is our largest market in Europe. The U.K. exited the European Union on January 31, 2020, which subjects our Europe segment to regulatory and market uncertainty in the U.K. and in the rest of Europe as the full terms of future trade agreements continue to be negotiated. The U.K. vote to leave the European Union triggered a decline in the GBP in comparison to USD and EUR. Any significant weakening of the GBP to the USD will have an adverse impact on our European revenues as reported in USD due to the importance of U.K. sales. Furthermore, the withdrawal may result in disruption to and decline of the U.K. and European economies. Weakening of economic conditions or economic uncertainties tend to harm the beer business, and if such conditions emerge in the U.K. or in the rest of Europe, it may have a material adverse effect on our Europe segment. The withdrawal may also result in significant disruption in trade and the movement of goods, including prolonged transportation delays, which could negatively affect our ability to source raw materials and packaging for our products as well as our ability to import and export products. Because the terms of the exit are still unknown and will continue to be negotiated during 2020, we face regulatory and market uncertainty and may need to quickly adapt to regulatory changes and market volatility, including potential increased legal and regulatory complexities and potential higher costs of conducting business in the U.K. or the rest of Europe. Any of these effects, among others, could adversely affect our European business, results of operations, and financial condition.

Economic trends and intense competition in European markets could unfavorably affect our profitability. Our European businesses have been, and, in the future may be, adversely affected by conditions in the global financial markets and general economic and political conditions, as well as a weakening of their respective currencies versus the U.S. dollar. Additionally, we face intense competition in certain of our European markets, particularly with respect to pricing, which could lead to reduced sales or profitability. In particular, the on-going focus by large competitors in Europe to drive increased market share through aggressive pricing strategies could adversely affect our sales and results of operations. In addition, in recent years, beer volume sales in Europe have been shifting from pubs and restaurants (on-premise) to retail stores (off-premise) for the industry in general. Sales to off-premise customers tend to be lower than margins on sales to on-premise customers, and, as a result, continuation or acceleration of this trend would further adversely affect our profitability.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of February 12, 2020, our major facilities were owned (unless otherwise indicated) and are as follows:

Facility	Location	Character
U.S. Segment		
Administrative offices	Chicago, Illinois(1)	U.S. segment operational headquarters
	Golden, Colorado	U.S. segment administrative office
	Milwaukee, Wisconsin	U.S. segment administrative office
Brewery/packaging plants	Albany, Georgia(2)	Brewing and packaging
	Elkton, Virginia(2)	Brewing and packaging
	Fort Worth, Texas(2)	Brewing and packaging
	Golden, Colorado(2)	Brewing and packaging
	Irwindale, California(3)	Brewing and packaging
	Milwaukee, Wisconsin	Brewing and packaging
	Trenton, Ohio(2)	Brewing and packaging
Beer distributorship	Denver, Colorado	Distribution
Container operations	Wheat Ridge, Colorado(4)	Bottling manufacturing facility
	Golden, Colorado(4)	Can and end manufacturing facilities
Malting operations	Golden, Colorado	Malting
Canada Segment		
Administrative offices	Montréal, Québec	Corporate headquarters
	Toronto, Ontario	Canada segment operational headquarters
Brewery/packaging plants	Montréal, Québec(5)	Brewing and packaging
	Toronto, Ontario(5)	Brewing and packaging
	Chilliwack, British Columbia(6)	Brewing and packaging
Europe Segment		
Administrative offices	Burton-on-Trent, U.K.	Europe segment operational headquarters
	Prague, Czech Republic	Europe segment administrative office
Brewery/packaging plants	Apatin, Serbia(7)	Brewing and packaging
	Bőcs, Hungary	Brewing and packaging
	Burton-on-Trent, U.K.(7)	Brewing and packaging
	Haskovo, Bulgaria	Brewing and packaging
	Niksic, Montenegro	Brewing and packaging
	Ostrava, Czech Republic	Brewing and packaging
	Ploiesti, Romania(7)	Brewing and packaging
	Prague, Czech Republic(7)	Brewing and packaging
	Tadcaster Brewery, Yorkshire, U.K.(7)	Brewing and packaging
	Zagreb, Croatia	Brewing and packaging

(1) We lease the office space for our U.S. segment headquarters in Chicago, Illinois.

(2) The Golden, Trenton, Elkton, Albany and Fort Worth breweries collectively account for approximately 78% of our U.S. production.

(3) In January 2020, we announced plans to cease production at our Irwindale, California brewery, which is currently expected to occur by September 2020, and entered into an agreement with Pabst Brewing Company, LLC, granting them an option to purchase the Irwindale brewery. Products produced in the Irwindale brewery will be transitioned to

other breweries in our network. See Part II—Item 8 Financial Statements and Supplementary Data, Note 7, "Special Items" for additional details.

(4) The Wheat Ridge and Golden, Colorado facilities are leased from us by RMBC and RMMC, respectively.

(5) The Montréal and Toronto breweries collectively account for approximately 84% of our Canada production. In June 2019, we completed the sale of our Montréal brewery, and in conjunction with the sale, we agreed to lease back the existing property to continue operations on an uninterrupted basis until the new Longueuil, Quebec brewery is operational, which is currently expected to occur in 2021.

(6) The final closure of the leased Vancouver brewery was completed in the third quarter of 2019, and our new Chilliwack brewery is now operational.

(7) The Burton-on-Trent, Prague, Ploiesti, Apatin and Tadcaster breweries collectively account for approximately 71% of our Europe production.

In addition to the properties listed above, we have smaller capacity facilities, including craft breweries and cideries, in each of our segments. We own and lease various warehouses, distribution centers and office spaces throughout the United States, Canada, Europe and international countries in which our International segment operates. Additionally, our Truss joint venture subleases its production facility in Belleville, Ontario from our joint venture partner, HEXO.

We also lease offices in Colorado, the previous location of our Corporate and International segment headquarters. As part of our revitalization plan, we announced the closure of our Denver, Colorado office location, which is expected to occur in 2020. We believe our facilities are well maintained and suitable for their respective operations. In 2019, our operating facilities were not capacity constrained.

ITEM 3. LEGAL PROCEEDINGS

Litigation and other disputes

For information regarding litigation, other disputes and environmental and regulatory proceedings see Part II—Item 8 Financial Statements and Supplementary Data, Note 18, "Commitments and Contingencies."

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 are currently expected to have a material impact on our business, 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. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our Class A common stock and Class B common stock trade on the New York Stock Exchange under the symbols "TAP.A" and "TAP," respectively. In addition, the Class A exchangeable shares and Class B exchangeable shares of our indirect subsidiary, Molson Coors Canada Inc., trade 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 our 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.

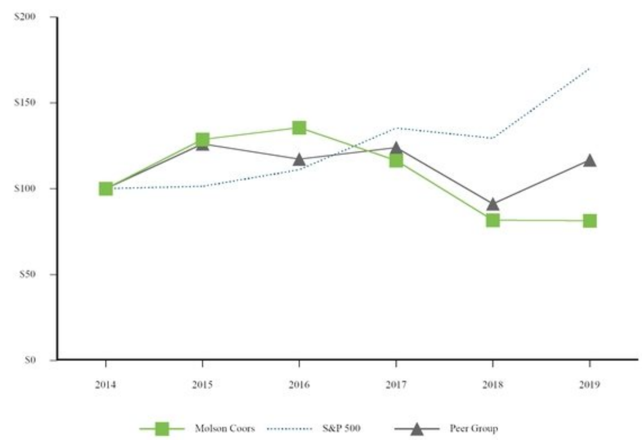
The approximate number of record security holders by class of stock at February 5, 2020, is as follows:

Title of class	Number of record security holders
Class A common stock, $0.01 par value	23
Class B common stock, $0.01 par value	2,777
Class A exchangeable shares, no par value	215
Class B exchangeable shares, no par value	2,315

PERFORMANCE GRAPH

The following graph compares our cumulative total stockholder return over the last five fiscal years with the S&P 500 and a customized peer index including MCBC, ABI, Carlsberg, Heineken and Asahi (the "Peer Group"). We have used a weighted-average based on market capitalization to determine the return for the Peer Group. The graph assumes $100 was invested on December 31, 2014, in our Class B common stock, the S&P 500 and the Peer Group, and assumes reinvestment of all dividends. The below is provided for informational purposes and is not indicative of future performance.

Comparison of Five-Year Cumulative Total Return



	2014		2015		2016		2017		2018		2019	
Molson Coors	$	100.00	$	128.74	$	135.64	$	116.50	$	81.68	$	81.31
S&P 500	$	100.00	$	101.37	$	111.04	$	135.27	$	129.33	$	170.04
Peer Group	$	100.00	$	126.05	$	117.20	$	124.00	$	91.17	$	116.79

Dividends

During the second half of 2019, we increased our regular quarterly dividend from $0.41 to $0.57 per share.

Issuer Purchases of Equity Securities

In February 2015, we announced that our board of directors approved and authorized a program to repurchase up to $1.0 billion of our Class A and Class B common stock. Under the program, shares may be repurchased in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 under the Exchange Act. The number, price and timing of the repurchases will be at the Company’s sole discretion and will be evaluated depending on market conditions, liquidity needs or other factors. The Company’s board of directors may suspend, modify or terminate the share repurchase program at any time without prior notice. No shares of Class A or Class B common stock have been repurchased since 2015. We have suspended our share repurchase program as we continue to pay down debt which we plan to revisit as we further deleverage.

ITEM 6. SELECTED FINANCIAL DATA

The table below summarizes selected financial information for the five years ended December 31, 2019. For further information, refer to our consolidated financial statements and notes thereto presented under Part II—Item 8 Financial Statements and Supplementary Data.

	2019	2018	2017	2016	2015
			(In millions, except per share data)		
Consolidated Statements of Operations:					
Net sales	$ 10,579.4	$ 10,769.6	$ 11,002.8	$ 4,885.0	$ 3,567.5
Net income attributable to MCBC	$ 241.7	$ 1,116.5	$ 1,565.6	$ 1,593.9	$ 395.2
Net income attributable to MCBC per share:					
Basic	$ 1.12	$ 5.17	$ 7.27	$ 7.52	$ 2.13
Diluted	$ 1.11	$ 5.15	$ 7.23	$ 7.47	$ 2.12
Consolidated Balance Sheets:					
Total assets	$ 28,859.8	$ 30,109.8	$ 30,246.9	$ 29,341.5	$ 12,276.3
Current portion of long-term debt and short-term borrowings	$ 928.2	$ 1,594.5	$ 714.8	$ 684.8	$ 28.7
Long-term debt	$ 8,109.5	$ 8,893.8	$ 10,598.7	$ 11,387.7	$ 2,908.7
Other information:					
Dividends per share of common stock	$ 1.96	$ 1.64	$ 1.64	$ 1.64	$ 1.64

For the year ended December 31, 2016, includes MillerCoors' results of operations on a consolidated basis for the post-acquisition period October 11, 2016, through December 31, 2016, as well as the assets acquired and related debt issued in connection with the Acquisition. Prior to October 11, 2016, MCBC's 42% share of MillerCoors' results of operations was reported as equity income in MillerCoors in the consolidated statements of operations and our 42% share of MillerCoors' net assets was reported as Investment in MillerCoors in the consolidated balance sheets. Also included in net income attributable to MCBC is a net special items gain of approximately $3.0 billion related to the fair value remeasurement of our pre-existing 42% interest in MillerCoors over its carrying value, as well as the reclassification of the loss related to MCBC's historical AOCI on our 42% interest in MillerCoors.

For the year ended December 31, 2017, includes the impact of the reduction to the U.S. federal income tax rate as a result of U.S. tax reform in 2017 (see Part II—Item 8 Financial Statements and Supplementary Data, Note 6, "Income Tax"). Additionally, during the year ended 2018 we recorded a gain within special items, net of $328.0 million which constitutes the Adjustment Amount (as defined and further discussed in Part II—Item 8 Financial Statements and Supplementary Data, Note 7, "Special Items") related to the settlement agreement between MCBC and ABI. For the year ended December 31, 2019, includes the impact of aggregate goodwill and intangible asset impairment losses of $691.9 million, primarily related to our Canada reporting unit. See Part II—Item 8 Financial Statements and Supplementary Data, Note 10, "Goodwill and Intangible Assets" and Note 6, "Income Tax" for further information regarding these impairment losses and the related income tax impact.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is provided to assist in understanding our company, operations and current business environment and should be considered a supplement to, and read in conjunction with, the accompanying consolidated financial statements and notes included within Part II—Item 8 Financial Statements and Supplementary Data, as well as the discussion of our business and related risk factors in Part I—Item 1 Business and Part I—Item 1A Risk Factors, respectively. See also "Cautionary Statement Pursuant to Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995".

A discussion related to the results of operations and changes in financial condition for 2018 compared to 2017 has been omitted from this report, unless significant, but may be found in Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our fiscal 2018 Form 10-K, filed with the SEC on February 12, 2019, which is available free of charge on the SEC's website at www.sec.gov and our corporate website at www.molsoncoors.com.

Our Fiscal Year

Unless otherwise indicated, (a) all $ amounts are in USD, (b) comparisons are to comparable prior periods and (c) 2019, 2018 and 2017 refers to the 12 months ended December 31, 2019, December 31, 2018 and December 31, 2017, respectively.

Operational Measures

We have certain operational measures, such as STWs and STRs, which we believe are important metrics. STW is a metric that we use in our business to reflect the sales from our operations to our direct customers, generally wholesalers. We believe the STW metric is important because it gives an indication of the amount of beer and adjacent products that we have produced and shipped to customers. STR is a metric that we use in our business to refer to sales closer to the end consumer than STWs, which generally means sales from our wholesalers or our Company to retailers, who in turn sell to consumers. We believe the STR metric is important because, unlike STWs, it provides the closest indication of the performance of our brands in relation to market and competitor sales trends.

Executive Summary

We are one of the world's largest brewers and have a diverse portfolio of owned and partner brands, including global priority brands *Blue Moon, Coors Banquet, Coors Light, Miller Genuine Draft, Miller Lite,* and *Staropramen*, regional champion brands *Carling*, *Molson Canadian* and other leading country-specific brands, as well as craft and specialty beers such as *Creemore Springs*, *Cobra*, *Sharp's Doom Bar, Henry's Hard* and *Leinenkugel's*. With centuries of brewing heritage, we craft high-quality, innovative beverages with the purpose of uniting people to celebrate all life's moments. As a business, our ambition is to be the first choice for our people, our consumers and our customers, and our success depends on our ability to make our products available to meet a wide range of consumer segments and occasions.

Revitalization Plan

On October 28, 2019, we initiated a revitalization plan designed to allow us to invest across our portfolio to drive long-term, sustainable success. As part of this plan, we expect to accelerate investments behind our largest brands, by focusing on recruitment of consumers and by driving relevance with breakthrough marketing and innovating on core brands to attract new legal age drinkers. We additionally plan to invest significantly in the above premium segment, the fastest growing area of the beer industry, with added investment in existing brands, new innovations and potentially through new acquisitions. We expect to invest more in whitespace and beyond beer opportunities. We have had success in the above premium segment, including portfolio transformation in Europe, *Peroni* growth accelerating and *Blue Moon Belgian White* improving in the U.S. and *Belgian Moon* growing in Canada. However, our revitalization plan is designed to give us the resources we need to invest in our core brands and build in the above premium segment through innovation and potential acquisition and investments, including more investment behind brands like *Saint Archer Gold*, *Blue Moon Light Sky*, and *Coors Pure* in the U.S. and *Coors Slice* and *Molson Ultra* in Canada. We also intend to expand a "test and learn" approach that allows us to determine market potential for products and then quickly scale up as we are with *Movo* wine spritzers, and *Saint Archer Gold*, both expected to be available nationally in the U.S. in 2020. We also expect this plan will allow us to invest behind an even stronger second year of *Cape Line* sparkling cocktails and a stronger third year of *Arnold Palmer Spiked* in the U.S. Finally, our pipeline includes the recent introductions of *La Colombe* hard coffee in the U.S., *Pip & Wild* premium ciders in the U.K., and *Vizzy* hard seltzer in the U.S., which we plan to launch early in 2020, and Truss's expected new line of cannabis-infused non-alcoholic beverages in Canada, subject to and after all of its licenses and regulatory clearances have been obtained, including the recently announced *Flow Glow*, a CBD-infused spring water.

We also expect to put a greater focus on bringing new beverages to the market faster and with more precision. This includes expanding the model that has reduced the time it takes to bring innovations to market from 18 months to as little as four months in the U.S., and expanding our previously mentioned "test and learn" approach that evaluates market potential for products and then quickly scales up. As part of the revitalization plan, we also intend to invest in improving our digital competencies, expanding data resources and building out innovation systems.

To make these new investments possible, we plan to unlock approximately $150 million in annual savings, increasing our 2020-2022 cost savings program from $450 million to $600 million, by simplifying our structure.

We also made the determination to establish Chicago, Illinois as our North American operational headquarters, close our existing office in Denver, Colorado and consolidate certain administrative functions into our other existing office locations. Effective January 2020, we moved from a corporate center and four business units to two business units - North America and Europe. The North America business unit consolidates the United States, Canada and corporate center, enabling us to move more quickly with an integrated portfolio strategy. The Europe business unit allows for standalone operations, developed and supported by a European-based team, including a local leadership, commercial, supply chain and support functions. The existing International team was reconstituted to more effectively grow our global brands - with the Africa and Asia Pacific businesses reporting into the European business unit and the remaining International business reporting into the North America business unit. The change in structure to two business units and the resulting financial reporting segment changes will not be reflected until our first quarter 2020 results.

In connection with these consolidation activities, certain impacted employees have been extended an opportunity to continue their employment with the Company in the new organization and locations and, for those not continuing with the Company, certain of such employees have been asked to provide transition assistance and offered severance and retention packages in connection with their termination of service. After taking into account all changes in each of the business units, including Europe, the plan is expected to reduce employment levels, in aggregate, by approximately 500 to 600 employees globally. The company expects the costs associated with the restructuring to be substantially recognized by the end of fiscal year 2021.

Further, we currently expect to incur certain cash and non-cash restructuring charges related to employee relocation, severance, retention and transition costs, non-cash asset related costs, lease exit costs in connection with our office lease in Denver, Colorado, and other transition activities estimated in the range of approximately $120 million to $180 million in the aggregate, the majority of which will be cash charges that we began recognizing in the fourth quarter of 2019, and will be further spread through the balance of fiscal years 2020 and 2021. In 2019, we recognized aggregate impairment losses of $2.1 million related to the closure of the Denver, Colorado office facility. Additionally, in 2019 we recognized severance and retention charges of $41.2 million, of which, approximately $40 million remained accrued as of December 31, 2019. We recognized these charges as special items within our consolidated statements of operations. See Part II—Item 8 Financial Statements and Supplementary Data, "Note 7, Special Items" for additional details. Actual severance and retention costs related to this restructuring, which are primarily being recognized ratably over the employees' required future service period, may differ from original estimates based on actual employee turnover levels prior to achieving severance and retention eligibility requirements. Employee relocation charges are recognized in the period incurred and were immaterial in 2019.

We also changed our name to Molson Coors Beverage Company in January 2020 in order to better reflect our strategic intent to expand beyond beer and into other growth adjacencies.

In addition to the revitalization plan, we intend to continue our ongoing efforts to modernize our brewery footprint and invest several hundred million dollars to modernize our brewery in Golden, Colorado over the next several years. These previously planned brewery investments are intended to allow for more flexible capacity to better meet demand and fulfill future growth opportunities, while increasing supply chain efficiency.

Summary of Consolidated Results of Operations

The following table highlights summarized components of our consolidated statements of operations for the years ended December 31, 2019, December 31, 2018, and December 31, 2017. See Part II—Item 8 Financial Statements and Supplementary Data, “Consolidated Statements of Operations” for additional details of our U.S. GAAP results.

	For the years ended				
	December 31, 2019	Change	December 31, 2018	Change	December 31, 2017
	(In millions, except percentages and per share data)				
Financial volume in hectoliters	92.722	(4.0)%	96.627	(2.9)%	99.563
Net sales	$ 10,579.4	(1.8)%	$ 10,769.6	(2.1)%	$ 11,002.8
Net income (loss) attributable to MCBC	$ 241.7	(78.4)%	$ 1,116.5	(28.7)%	$ 1,565.6
Net income (loss) attributable to MCBC per diluted share	$ 1.11	(78.4)%	$ 5.15	(28.8)%	$ 7.23

2019 Financial Highlights

- In 2019, net income attributable to MCBC decreased 78.4% compared to the prior year primarily driven by the impact of aggregate goodwill and intangible asset impairment losses of $691.9 million, primarily related to our Canada reporting unit. The decrease was also due to lower volume, inflation, restructuring charges and pension and postretirement benefit charges, partially offset by positive global pricing, cost savings, lower incentive compensation, as well as lower interest expense.
- During 2019, we repaid our EUR 500 million variable rate notes, $500 million 1.90% notes, and $500 million 1.45% notes upon their respective maturities throughout the year as part of our deleveraging commitment.
- We generated cash flow from operating activities of approximately $1.9 billion, representing an 18.6% decrease from approximately $2.3 billion in 2018. The decrease in operating cash flow in 2019 compared to 2018 is primarily driven by cycling the proceeds received during the first quarter of 2018 of $328.0 million related to the Adjustment Amount (as defined and further discussed in Part II—Item 8 Financial Statements and Supplementary Data, Note 7, "Special Items") related to the settlement agreement between MCBC and ABI, as well as lower net income adjusted for non-cash add backs and higher cash paid for taxes, partially offset by favorable changes in working capital and lower interest paid.
- Regional financial highlights:
    - In the U.S. segment, income before income taxes decreased 1.4% to $1,301.8 million in 2019, versus $1,320.7 million in 2018, primarily driven by lower volume and cost inflation, partially offset by higher net pricing, cycling special charges in the prior year related to restructuring, and cost savings. During the year we grew our share of the premium light segment with *Miller Lite*, which completed its twenty-first consecutive quarter of increased segment share, and *Coors Light*, which completed its third consecutive quarter of increased segment share, according to Nielsen. In above premium, we successfully launched *Cape Line* which was among the industry’s top new franchises in the flavored malt beverage category, according to Nielsen, and we also introduced *Sol Chelada* which drove double-digit volume growth in the *Sol* Franchise. *Blue Moon* remained the number one national craft brand in the U.S. and held industry share. Additionally, *Peroni* grew volume for the twenty-first consecutive quarter with growth accelerating significantly in 2019 with support of the brand's first national marking campaign.
    - In our Canada segment, we reported a loss before income taxes of $508.7 million in 2019, versus income of $157.0 million in 2018, primarily driven by the $668.3 million goodwill impairment loss recognized in the third quarter of 2019 as well as the gross profit impacts of volume declines, higher cost of goods sold per hectoliter, Truss joint venture start-up costs, partially offset by positive pricing and lower incentive compensation. See Part II—Item 8 Financial Statements and Supplementary Data, Note 10, “Goodwill and Intangible Assets” for additional details.
    - In our Europe segment, income before income taxes decreased 14.1% to $160.1 million in 2019, versus $186.4 million in 2018, primarily related to increased brand investments, unfavorable foreign currency movements, special charges mainly due to restructuring activities, as well as soft industry demand and inflation, partially offset by positive net pricing and mix and lower incentive compensation.

    - Our International segment reported a loss before income taxes of $7.7 million in 2019, compared to a loss of $2.7 million in the prior year, primarily driven by higher special charges due to an aggregate impairment loss of $12.2 million related to our India business along with lower volume and negative geographic mix, partially offset by lower marketing, general and administrative expense and shifting to local production in Mexico.

- Brand highlights:
    - Global priority brand volume decreased 2.2% in 2019 versus 2018, due to declines across the U.S., Canada, and International partially offset by growth in Europe.
    - *Blue Moon Belgian White* global brand volume increased 1.1% in 2019 versus 2018, driven by growth in Canada, International and Europe, partially offset by declines in the U.S.
    - *Carling* brand volume in Europe decreased by 4.8% versus 2018, due to lower volumes in the U.K., the brand's primary market.
    - *Coors* global brand volume - *Coors Light* global brand volume decreased 4.6% in 2019 versus 2018. The overall volume decrease was primarily driven by lower brand volume in the U.S., International, and Canada, partially offset by growth in Europe. Volumes in the U.S. were lower than prior year, although *Coors Light* gained share of the U.S. premium light segment for the third consecutive quarter. The declines in International were driven by competitive pressures in Mexico along with economic decline in Puerto Rico. The declines in Canada are primarily the result of industry declines due to ongoing competitive pressures in Quebec and Ontario. *Coors Banquet* global brand volume decreased 2.6% in 2019 versus 2018, driven by the U.S. and Canada, partially offset by the introduction of *Coors Original* in International markets.
    - *Miller* global brand volume - *Miller Lite* global brand volumes were flat in 2019 versus 2018, primarily driven by declines in the U.S., partially offset by growth in Canada and International. However, *Miller Lite* gained share of the U.S. premium light segment for the twenty-first consecutive quarter. *Miller Genuine Draft* global brand volume decreased 6.9% in 2019 versus 2018, due to decreases in all segments.
    - *Molson Canadian* brand volume in Canada decreased 8.9% during 2019 versus the prior year, primarily driven by industry declines as well as share declines due to competitive pressures in the West and Ontario.
    - *Staropramen* global brand volume, including royalty volume, increased 7.2% during 2019 versus 2018, driven by higher volumes in all major markets for the brand.

Worldwide Brand Volume

Worldwide brand volume (or "brand volume" when discussed by segment) reflects owned brands sold to unrelated external customers within our geographic markets, net of returns and allowances, royalty volume and an adjustment from STWs to STRs calculated consistently with MCBC owned volume. Contract brewing and wholesaler volume is removed from worldwide brand volume as this is non-owned volume for which we do not directly control performance. We believe this definition of worldwide brand volume more closely aligns with how we measure the performance of our owned brands within the markets in which they are sold. Financial volume represents owned brands sold to unrelated external customers within our geographical markets, net of returns and allowances as well as contract brewing, wholesale non-owned brand volume and company-owned distribution volume. Royalty volume consists of our brands produced and sold by third parties under various license and contract-brewing agreements and because this is owned volume, it is included in worldwide brand volume. The adjustment from STWs to STRs provides the closest indication of the performance of our owned brands in relation to market and competitor sales trends, as it reflects sales volume one step closer to the end consumer and generally means sales from our wholesalers or our company to retailers.

	For the years ended				
	December 31, 2019	Change	December 31, 2018	Change	December 31, 2017
	(In millions, except percentages)				
Volume in hectoliters:					
Financial volume	92.722	(4.0)%	96.627	(2.9)%	99.563
Less: Contract brewing and wholesaler volume	(7.715)	(5.7)%	(8.182)	(4.9)%	(8.602)
Add: Royalty volume	4.226	4.2 %	4.054	10.0 %	3.685
Add: STW to STR adjustment	(0.287)	(19.8)%	(0.358)	(47.9)%	(0.687)
Total worldwide brand volume	88.946	(3.5)%	92.141	(1.9)%	93.959

Our worldwide brand volume decreased in 2019 compared to 2018, primarily due to lower volume in all segments primarily driven by challenging industry dynamics.

Net Sales Drivers

The following table highlights the drivers of change in net sales for the year ended December 31, 2019 versus December 31, 2018, by segment (in percentages) and excludes Corporate net sales revenue for our water resources and energy operations in the state of Colorado.

	Volume	Price, Product and Geography Mix	Currency	Other	Total
Consolidated	(4.0)%	3.6%	(1.2)%	(0.2)%	(1.8)%
U.S.	(4.2)%	4.1%	— %	(0.2)%	(0.3)%
Canada	(5.8)%	1.9%	(2.1)%	(0.1)%	(6.1)%
Europe	(2.8)%	4.0%	(4.8)%	(0.1)%	(3.7)%
International	(15.7)%	7.9%	(0.9)%	(1.2)%	(9.9)%

The following table highlights the drivers of change in net sales on a reported basis for the year ended December 31, 2018 versus December 31, 2017, by segment (in percentages) and excludes Corporate net sales revenue for our water resources and energy operations in the state of Colorado.

	Volume	Price, Product and Geography Mix	Currency	Other(1)	Total
Consolidated	(2.9)%	0.7 %	0.5 %	(0.4)%	(2.1)%
U.S.	(5.1)%	1.9 %	— %	(0.1)%	(3.3)%
Canada	(2.9)%	(1.6)%	— %	— %	(4.5)%
Europe	2.1 %	0.4 %	3.3 %	(2.6)%	3.2 %
International	(7.5)%	3.5 %	(1.3)%	— %	(5.3)%

(1) Europe "Other" column includes the release of an indirect tax provision in 2017.

Adoption of Revenue Recognition Guidance

On January 1, 2018, we adopted the FASB's new accounting pronouncement related to revenue recognition using the modified retrospective approach, therefore, prior period results were not restated. Results for the years ended December 31, 2019 and 2018 are presented under the new guidance, while the year ended December 31, 2017 is reported in accordance with historical accounting guidance. The adoption of this guidance in 2018 did not have a significant impact to our core revenue generating activities, however, resulted in the reclassification of certain cash payments to customers from marketing, general and administrative expenses to a reduction of revenue. This classification change resulted in a reduction of revenue and marketing, general and administrative expenses by approximately $60 million during 2018 versus 2017, primarily within our Canada segment. The adoption of this guidance also resulted in a change in the timing of recognition of certain promotional discounts and cash payments to customers, which shifted financial statement recognition primarily amongst quarters, however, the full-year impact was not significant to our financial results. See Part II—Item 8 Financial Statements and Supplementary Data, Note 1, "Basis of Presentation and Summary of Significant Accounting Policies" for additional details.

Cost Savings Initiatives

Total cost savings in 2019 exceeded our targets and totaled approximately $230 million, resulting in a total of approximately $725 million of cost savings delivered over the course of the 2017 to 2019 program.

Depreciation and Amortization

Depreciation and amortization expense was $859.0 million in 2019, an increase of $1.5 million compared to 2018, primarily driven by incremental accelerated depreciation related to brewery closures largely offset by impacts of foreign exchange movements.

Income Taxes

	For the years ended		
	December 31, 2019	December 31, 2018	December 31, 2017
Effective tax rate	49%	17%	(15)%

The increase in the effective income tax rate for 2019 versus 2018 is primarily driven by the $668.3 million impairment loss attributable to nondeductible goodwill of our Canada reporting unit, increased valuation allowances, the recognition of other one-time tax expenses in 2019, as well as cycling one-time tax benefits in 2018. The increase in the effective income tax rate for 2018 versus 2017 was primarily driven by the one-time impacts of the 2017 Tax Act recognized when enacted in 2017, most notably the remeasurement of our deferred taxes from the reduction in the U.S. statutory federal corporate income tax rate.

Our tax rate is volatile and may increase or decrease with changes in, among other things, the amount and source of income or loss, our ability to utilize foreign tax credits, excess tax benefits or deficiencies from share-based compensation, changes in tax laws, and the movement of liabilities established pursuant to accounting guidance for uncertain tax positions as statutes of limitations expire, positions are effectively settled, or when additional information becomes available. There are proposed or pending tax law changes in various jurisdictions in which we do business that, if enacted, may have an impact on our effective tax rate.

Since 2018, the U.S. Department of Treasury has continued to issue proposed, temporary and final regulations to implement provisions of the 2017 Tax Act. We have continued to monitor these and while temporary and final regulations have not yet resulted in material adverse impacts to us, there are certain proposed regulations, which are not yet considered law, that if finalized as proposed, could result in a material adverse impact on our consolidated financial statements. Specifically, if certain of the proposed regulations are finalized as proposed with full retroactive application to January 1, 2018, then we would be required to recognize estimated income tax expense of approximately $100 million to $200 million upon enactment related to the proposed retroactive period through December 31, 2019, for fiscal years 2018 and 2019. This estimated range contains significant uncertainty and could be impacted by various factors, including any differences between the proposed and ultimately finalized regulations.

See Part II—Item 8 Financial Statements and Supplementary Data, Note 6, "Income Tax" for additional details regarding our effective tax rate.

Results of Operations

United States Segment

	For the years ended				
	December 31, 2019	Change	December 31, 2018	Change	December 31, 2017
	(In millions, except percentages)				
Financial volume in hectoliters(1)	61.600	(4.2)%	64.272	(5.1)%	67.731
Sales(1)	$ 8,187.0	(0.6)%	$ 8,234.4	(3.6)%	$ 8,541.7
Excise taxes	(945.7)	(3.0)%	(974.5)	(5.9)%	(1,036.0)
Net sales(1)	7,241.3	(0.3)%	7,259.9	(3.3)%	7,505.7
Cost of goods sold(1)	(4,294.5)	0.4 %	(4,277.5)	(1.1)%	(4,324.2)
Gross profit	2,946.8	(1.2)%	2,982.4	(6.3)%	3,181.5
Marketing, general and administrative expenses	(1,621.1)	(0.6)%	(1,631.3)	(8.5)%	(1,782.7)
Special items, net(2)	(26.6)	(29.6)%	(37.8)	147.1 %	(15.3)
Operating income	1,299.1	(1.1)%	1,313.3	(5.1)%	1,383.5
Interest income (expense), net	3.0	(65.9)%	8.8	(32.8)%	13.1
Other income (expense), net	(0.3)	(78.6)%	(1.4)	(41.7)%	(2.4)
Income (loss) before income taxes	$ 1,301.8	(1.4)%	$ 1,320.7	(5.3)%	$ 1,394.2

(1) Includes gross inter-segment sales, purchases, and volumes, which are eliminated in the consolidated totals.

(2) See Part II—Item 8 Financial Statements and Supplementary Data, Note 7, "Special Items" for detail of special items.

Significant events

Following management approval in December 2019, in January 2020, we announced plans to cease production at our Irwindale, California brewery and entered into an option agreement with Pabst Brewing Company, LLC ("Pabst"), granting Pabst an option to purchase our Irwindale, California brewery, including plant equipment and machinery and the underlying land.

Pursuant to the agreement, Pabst will have 120 days from receipt of the notice of the Irwindale brewery closure from MillerCoors to exercise the option to purchase the Irwindale brewery. If Pabst exercises its option to purchase the Irwindale brewery, the agreement provides (i) the purchase price will be $150 million, subject to adjustment as further specified in the agreement, (ii) the closing will be within six months from Pabst's exercise of the option, but no earlier than September 1, 2020 and no later than December 31, 2020, subject to the satisfaction of certain customary closing conditions, (iii) for the treatment and allocation of certain liabilities related to the operation of the Irwindale brewery prior to closing, and (iv) for customary representations and warranties and certain post-closing restrictions on Pabst regarding the operations and disposal of the Irwindale brewery. In conjunction with the agreement, MillerCoors and Pabst also executed mutual releases of claims related to their ongoing litigation and agreed to dismiss the litigation with prejudice.

We recorded special charges related to the planned Irwindale brewery closure totaling approximately $16 million in the fourth quarter of 2019, and will continue to incur special charges during each reporting period through the planned closure of the brewery in September 2020. While analysis of the implications of the announced brewery closure remain underway, total special charges associated with the planned closure are currently expected to be approximately $150 million to $175 million, consisting primarily of accelerated depreciation charges. However, this estimated range contains significant uncertainty, and actual results could differ materially from these estimates due to uncertainty regarding the ultimate net cost associated with the disposition of assets, restructuring charges, as well as the overall outcome of the Pabst purchase option, which if exercised, could significantly impact these estimates.

As part of our revitalization plan announced during the fourth quarter of 2019, we initiated restructuring activities and will continue to incur severance and other employee-related costs as special items.

In order to align our cost base with our scale of business, during the third quarter of 2018, we initiated restructuring activities in the U.S. and reduced U.S. employment levels by approximately 300 employees in the fourth quarter of 2018. As a result, severance costs related to these restructuring activities were recorded as special charges.

The volatility of aluminum, inclusive of Midwest Premium and tariffs, and freight and fuel costs continued to significantly impact our results during 2019. To the extent these prices continue to fluctuate, our business and financial results could be materially adversely impacted. We continue to monitor these risks and rely on our risk management hedging program to help mitigate price risk exposure for commodities including aluminum and fuel.

In order to increase overall operating efficiency, during the first quarter of 2018, we announced plans to close the Colfax, California cidery. The cidery closed in January 2019 and cider production has moved to the 10th Street Brewery in Milwaukee, Wisconsin. We recognized special charges in 2019 and 2018 associated with the cidery closure consisting primarily of accelerated depreciation in excess of normal depreciation.

Volume and net sales

Brand volume decreased 3.6% in 2019 compared to 2018, primarily driven by challenging industry dynamics. STWs, excluding contract brewing volume, decreased 3.7% in 2019 compared to 2018, reflective of brand volume performance.

Net sales per hectoliter on a brand volume basis increased 3.3% in 2019 compared to 2018, driven by higher net pricing. Net sales per hectoliter on a reported basis for 2019, increased 4.1% in 2019 compared to 2018.

Cost of goods sold

Cost of goods sold per hectoliter increased 4.8% in 2019 compared to prior year driven by inflation, volume deleverage and other factors, including a substantial unanticipated increase in property tax at our Golden, Colorado brewery and increased packaging costs associated with our bottle furnace rebuild, partially offset by cost savings.

Marketing, general and administrative expenses

Marketing, general and administrative expenses decreased 0.6% in 2019 compared to 2018 primarily driven by spending optimization and efficiencies including incremental cost reductions related to the restructuring initiated in the third quarter of 2018, partially offset by cycling lower employee incentive compensation.

Canada Segment

	For the years ended				
	December 31, 2019	Change	December 31, 2018	Change	December 31, 2017
			(In millions, except percentages)		
Financial volume in hectoliters[1]	8.059	(5.8)%	8.554	(2.9)%	8.805
Sales[1]	$ 1,728.8	(6.6)%	$ 1,850.6	(2.9)%	$ 1,906.2
Excise taxes	(421.4)	(8.1)%	(458.5)	2.3 %	(448.2)
Net sales[1]	1,307.4	(6.1)%	1,392.1	(4.5)%	1,458.0
Cost of goods sold[1]	(824.5)	(2.7)%	(847.0)	— %	(847.0)
Gross profit	482.9	(11.4)%	545.1	(10.8)%	611.0
Marketing, general and administrative expenses	(336.1)	(1.7)%	(341.9)	(14.0)%	(397.5)
Special items, net[2]	(640.4)	N/M	(23.8)	65.3 %	(14.4)
Operating income (loss)	(493.6)	N/M	179.4	(9.9)%	199.1
Interest income (expense), net	(0.2)	N/M	—	— %	—
Other income (expense), net[3]	(14.9)	(33.5)%	(22.4)	N/M	11.1
Income (loss) before income taxes	$ (508.7)	N/M	$ 157.0	(25.3)%	$ 210.2

N/M = Not meaningful

(1) Includes gross inter-segment sales, purchases, and volumes, which are eliminated in the consolidated totals.

(2) See Part II—Item 8 Financial Statements and Supplementary Data, Note 7, "Special Items" for detail of special items.

(3) See Part II—Item 8 Financial Statements and Supplementary Data, Note 5, "Other Income and Expense" for detail of other income (expense).

Significant events

As part of our revitalization plan announced during the fourth quarter of 2019, we initiated restructuring activities and will continue to incur severance and other employee-related costs as special items.

We identified a triggering event requiring an interim impairment assessment of the goodwill within our Canada reporting unit at the end of the third quarter of 2019, as a result, in part, of prolonged weakening of the Canadian beer industry negatively impacting the performance of the Canada business in the current year and the expected future cash flows of the Canada reporting unit. The interim goodwill impairment analysis resulted in a goodwill impairment loss recognized within our Canada reporting unit of $668.3 million, which was recorded as a special item. See Part II—Item 8 Financial Statements and Supplementary Data, Note 10, "Goodwill and Intangible Assets" for additional information.

As part of our ongoing assessment of our Canadian supply chain network, we have incurred significant capital expenditures associated with the completion of the new brewery in Chilliwack, British Columbia, most of which was funded with the previously received proceeds from the sale of the Vancouver brewery in 2016. The transition of production to the new brewery in Chilliwack and final closure of the leased Vancouver brewery was completed in third quarter of 2019, and the new Chilliwack brewery is now operational.

In further efforts to help optimize the Canada brewery network, in the third quarter of 2017, we announced a plan to build a more efficient and flexible brewery in Longueuil, Quebec. Additionally, during the second quarter of 2019, we completed the sale of our Montreal brewery for $96.2 million (CAD 126 million), resulting in a $61.3 million gain, which was recorded as a special item. In conjunction with the sale, we agreed to lease back the existing property to continue operations on an uninterrupted basis until the new brewery is operational, which we currently expect to occur in 2021. However, due to the uncertainty inherent in our estimates, the timing of the brewery closure is subject to change. We will continue to incur significant capital expenditures associated with the construction of the new brewery in Longueuil, Quebec.

In June 2019, the Ontario government adopted a bill that, if enacted, would terminate a 10-year Master Framework Agreement that was originally signed between the previous government administration and MCBC, Labatt Brewing Company Limited, Sleeman Breweries Ltd., and BRI in 2015 and governs the terms of the beer distribution and retail systems in Ontario through 2025. The government has not yet proclaimed the bill as law. The impacts of these potential legislative changes are unknown at this time, but could have a negative impact on the results of operations, cash flows and financial position of the

Canada segment. While discussions remain ongoing with the government to reach a mutually agreeable alternative to the enactment of the law, the Company and the other Master Framework Agreement signatories are prepared to vigorously defend their rights and pursue legal recourse, should the Master Framework Agreement be unilaterally terminated by the enactment of the legislation. For additional information, see Part II—Item 8 Financial Statements and Supplementary Data, Note 18, "Commitments and Contingencies."

In June 2019, Health Canada released final regulations resulting in the legalization of new classes of cannabis products including edibles and cannabis infused beverages on October 17, 2019, with product sales being permitted sixty days after submission of the beverage formulations to Health Canada and satisfaction of all other licensing and regulatory preconditions. Our Truss joint venture with HEXO has been preparing for the launch of cannabis-infused products in the Canadian market, including the on-going construction of a production facility in Belleville, Ontario. We currently expect that Truss will launch products in 2020, subject to and after all of its licenses and regulatory clearances have been obtained.

Foreign currency impact on results

During 2019, the CAD appreciated versus the USD on an average basis, resulting in an increase of $9.2 million to our 2019 USD earnings before income taxes. Included in these amounts are both translational and transactional impacts of changes in foreign exchange rates. The impact of transactional foreign currency gains and losses is recorded within other income (expense) in our consolidated statements of operations.

Volume and net sales

Our Canada brand volume decreased 5.7% in 2019 compared to 2018, primarily due to weakened brand performance and industry declines.

Our net sales per hectoliter on a brand volume basis increased 1.7% in local currency in 2019 compared to 2018, driven by positive net pricing. Net sales per hectoliter on a reported basis in local currency increased 1.9% in 2019 compared to 2018.

Cost of goods sold

Cost of goods sold per hectoliter in local currency increased 5.7% in 2019 compared to 2018, driven primarily driven by volume deleverage and mix, increased distribution costs, brewery startup costs and inflation, partially offset by cost savings.

Marketing, general and administrative expenses

Our marketing, general and administrative expenses increased 0.6% in local currency in 2019 compared to 2018, primarily driven by Truss joint venture start-up costs, partially offset by lower employee-related expenses, including lower incentive compensation and benefits.

Other income (expense), net

Other expense of $14.9 million in 2019 was primarily driven by unrealized mark-to-market losses of $17.8 million on the HEXO warrants received in connection with the formation of the Truss joint venture, as further discussed in Note 16, "Derivative Instruments and Hedging Activities", partially offset by a gain of $1.5 million related to the historical sale of Molson Inc.'s ownership interest in the Montreal Canadiens. Other expense in 2018 was also primarily driven by unrealized mark-to-market losses of $23.8 million on the HEXO warrants.

Europe Segment

	For the years ended				
	December 31, 2019	Change	December 31, 2018	Change	December 31, 2017
	(In millions, except percentages)				
Financial volume in hectoliters[1][2]	23.101	(2.8)%	23.772	2.1 %	23.290
Sales[2]	$ 2,950.8	(4.5)%	$ 3,088.6	6.9 %	$ 2,888.3
Excise taxes	(1,022.1)	(5.9)%	(1,086.0)	14.6 %	(947.6)
Net sales[2]	1,928.7	(3.7)%	2,002.6	3.2 %	1,940.7
Cost of goods sold	(1,233.2)	(2.9)%	(1,269.4)	8.1 %	(1,174.4)
Gross profit	695.5	(5.1)%	733.2	(4.3)%	766.3
Marketing, general and administrative expenses	(515.4)	(3.6)%	(534.6)	0.8 %	(530.3)
Special items, net[3]	(10.7)	78.3 %	(6.0)	20.0 %	(5.0)
Operating income (loss)	169.4	(12.0)%	192.6	(16.6)%	231.0
Interest income (expense), net	(5.7)	11.8 %	(5.1)	N/M	3.6
Other income (expense), net	(3.6)	N/M	(1.1)	N/M	0.3
Income (loss) before income taxes	$ 160.1	(14.1)%	$ 186.4	(20.6)%	$ 234.9

N/M = Not meaningful

(1) Excludes royalty volume of 1.765 million hectoliters, 1.787 million hectoliters and 1.694 million hectoliters for 2019, 2018 and 2017, respectively.

(2) Includes gross inter-segment sales and volumes, which are eliminated in the consolidated totals.

(3) See Part II—Item 8 Financial Statements and Supplementary Data, Note 7, "Special Items" for detail of special items.

Significant events

As part of our revitalization plan announced during the fourth quarter of 2019, we initiated restructuring activities and will continue to incur severance and other employee-related costs as special items.

The U.K. exited the EU on January 31, 2020, which subjects our Europe segment to regulatory and market uncertainty as the U.K. remains in the EU customs union and single market until December 31, 2020, while the full terms of future trade agreements continue to be negotiated. The GBP has recently become volatile as a result of the government discussions related to the uncertainty and terms of the exit, including the weakening of the GBP to the USD during the third quarter of 2019 leading up to the initial extended exit date of October 31, 2019, which had an adverse impact on our European revenues as reported in USD due to the significance of U.K. sales. Any further weakening of the GBP to the USD could have a further adverse impact on our results. See Part I—Item 1A Risk Factors under "Risks Specific to the Europe Segment" for further discussion of the risks specific to the U.K.'s exit from the EU.

In 2019, our Grolsch joint venture arrangement as well as the related brewing and distribution agreements for the *Grolsch* brands in the U.K. and Ireland were terminated. See Part II—Item 8 Financial Statements and Supplementary Data, Note 4, "Investments" for further information.

In January 2018, the Europe segment completed the acquisition of Aspall Cyder Limited, an established premium cider business in the U.K.

Foreign currency impact on results

Our Europe segment operates in numerous countries within Europe, and each country's operations utilize distinct currencies. During 2019, foreign currency movements unfavorably impacted our Europe USD income before income taxes by $8.2 million. Included in these amounts are both translational and transactional impacts of changes in foreign exchange rates. The impact of transactional foreign currency gains and losses is recorded within other income (expense) in our consolidated statements of operations.

Volume and net sales

Our Europe brand volume decreased 2.6% in 2019 compared to 2018 due to soft industry demand.

Net sales per hectoliter on a brand volume basis increased 4.5% in local currency in 2019 compared to 2018, primarily driven by positive net pricing and favorable sales mix. Net sales per hectoliter on a reported basis in local currency increased 4.0% in 2019 compared to 2018.

Cost of goods sold

Cost of goods sold per hectoliter increased 4.9% in local currency in 2019 compared to 2018, primarily due to inflation and volume deleverage.

Marketing, general and administrative expenses

Marketing, general and administrative expenses increased 1.7% in local currency in 2019 compared to 2018, primarily due to higher marketing investments focused on our national champion brands and premiumization initiatives, as well as cycling a benefit from the partial reversal of bad debt provisions in 2018, partially offset by lower incentive compensation.

International Segment

	For the years ended				
	December 31, 2019	Change	December 31, 2018	Change	December 31, 2017
	(In millions, except percentages)				
Financial volume in hectoliters[1]	1.866	(15.7)%	2.214	(7.5)%	2.394
Sales	$ 265.8	(11.3)%	$ 299.5	(0.5)%	$ 300.9
Excise taxes	(40.5)	(18.0)%	(49.4)	33.9 %	(36.9)
Net sales	225.3	(9.9)%	250.1	(5.3)%	264.0
Cost of goods sold[2]	(142.7)	(11.0)%	(160.4)	(11.1)%	(180.5)
Gross profit	82.6	(7.9)%	89.7	7.4 %	83.5
Marketing, general and administrative expenses	(74.6)	(8.6)%	(81.6)	(19.8)%	(101.7)
Special items, net[3]	(15.5)	66.7 %	(9.3)	N/M	(1.6)
Operating income (loss)	(7.5)	N/M	(1.2)	(93.9)%	(19.8)
Other income (expense), net	(0.2)	(86.7)%	(1.5)	N/M	0.1
Income (loss) before income taxes	$ (7.7)	185.2 %	$ (2.7)	(86.3)%	$ (19.7)

N/M = Not meaningful

(1) Excludes royalty volume of 2.461 million hectoliters, 2.267 million hectoliters and 1.991 million hectoliters in 2019, 2018 and 2017, respectively.

(2) Includes gross inter-segment purchases, which are eliminated in the consolidated totals.

(3) See Part II—Item 8 Financial Statements and Supplementary Data, Note 7, "Special Items" for detail of special items.

Significant events

As part of our revitalization plan announced during the fourth quarter of 2019, we initiated restructuring activities and will continue to incur severance and other employee-related costs as special items.

During the third quarter of 2019, we recognized an aggregate impairment loss of $12.2 million related to the goodwill of our India reporting unit and a definite-lived brand intangible asset, which were recorded as special items. See Part II—Item 8 Financial Statements and Supplementary Data, Note 10, "Goodwill and Intangible Assets" for additional information.

During the first half of 2018, we decided to formally exit our business in China and, as such, have incurred special charges. See Part II—Item 8 Financial Statements and Supplementary Data, Note 7, "Special Items" for further detail.

Foreign currency impact on results

Our International segment operates in numerous countries around the world and each country's operations utilize distinct currencies. Foreign currency movements unfavorably impacted our International USD loss before income taxes by $1.5 million for 2019. Included in these amounts are both translational and transactional impacts of changes in foreign exchange rates. The impact of transactional foreign currency gains and losses is recorded within other income (expense) in our consolidated statements of operations.

Volume and net sales

Our International brand volume decreased 3.5% in 2019 compared to 2018, primarily driven by India supply chain and demand constraints along with economic decline in Paraguay and Puerto Rico, partially offset by growth in several of our focus markets. Our International financial volume decreased 15.7% in 2019 compared to 2018, driven by India supply chain and demand constraints and shifting to local third party production in Mexico, which increased our royalty volume.

Net sales per hectoliter on a brand volume basis decreased 5.8% in local currency in 2019 compared to 2018, primarily driven by geographic mix and shifting to local production in Mexico. Net sales per hectoliter on a reported basis increased 7.9% in local currency in 2019 compared to 2018 due to geographic mix.

Cost of goods sold

Cost of goods sold per hectoliter increased 5.9% in local currency in 2019 compared to 2018, primarily driven by inflation and geographic mix.

Marketing, general and administrative expenses

Marketing, general and administrative expenses decreased 8.0% in local currency in 2019 compared to 2018, primarily due to lower marketing investments, overhead and integration costs, partially offset by cycling the $2.0 million of settlement proceeds received related to our Colombia business in the first quarter of 2018.

Corporate Segment

	For the years ended				
	December 31, 2019	Change	December 31, 2018	Change	December 31, 2017
	(In millions, except percentages)				
Financial volume in hectoliters	—	— %	—	— %	—
Sales	$ 0.8	— %	$ 0.8	(11.1)%	$ 0.9
Excise taxes	—	— %	—	— %	—
Net sales	0.8	— %	0.8	(11.1)%	0.9
Cost of goods sold	(7.4)	(95.6)%	(166.4)	N/M	122.9
Gross profit	(6.6)	(96.0)%	(165.6)	N/M	123.8
Marketing, general and administrative expenses	(180.8)	(15.2)%	(213.3)	(11.1)%	(239.8)
Special items, net(1)	(15.6)	N/M	326.6	N/M	(0.1)
Operating income (loss)	(203.0)	N/M	(52.3)	(55.0)%	(116.1)
Interest expense, net	(269.8)	(10.6)%	(301.9)	(16.1)%	(360.0)
Other pension and postretirement benefits (costs), net	2.9	(92.4)%	38.2	(19.4)%	47.4
Other income (expense), net	4.3	(70.1)%	14.4	N/M	(7.7)
Income (loss) before income taxes	$ (465.6)	54.4 %	$ (301.6)	(30.9)%	$ (436.4)

N/M = Not meaningful

(1) See Part II—Item 8 Financial Statements and Supplementary Data, Note 7, "Special Items" for detail of special items.

Significant events

As a result of our revitalization plan, during the fourth quarter of 2019, we initiated restructuring activities and have and will continue to incur severance and other employee-related costs as special items. We also recorded impairment losses in connection with the closure of our office in Denver, Colorado, which were also recorded as special items.

Cost of goods sold

The unrealized changes in fair value on our commodity swaps, which are economic hedges, are recorded as cost of goods sold within our Corporate activities. As the exposure we are managing is realized, we reclassify the gain or loss to the segment in which the underlying exposure resides, allowing our segments to realize the economic effects of the derivative without the resulting unrealized mark-to-market volatility. Lower commodity market prices relative to our hedged positions on our commodity swaps drove a total unrealized mark-to-market loss of $0.8 million recognized in cost of goods sold for the year ended December 31, 2019, as compared to an unrealized mark-to-market loss of $166.2 million recognized in cost of goods sold for the year ended December 31, 2018. Cost of goods sold for the year ended December 31, 2017 include an unrealized mark-to-market gain of $123.3 million on these commodity swaps.

Marketing, general and administrative expenses

Marketing, general and administrative expenses decreased in 2019 compared to 2018, primarily due to lower incentive compensation in the current year as well as higher integration costs recognized in the prior year. Specifically, we recorded integration costs of $23.1 million for the year ended December 31, 2019 and $36.9 million for the year ended December 31, 2018 related to the Acquisition within marketing, general and administrative expenses.

Interest expense, net

Net interest expense decreased in 2019 compared to 2018, primarily driven by the repayment of debt as part of our deleveraging commitments as well as risk management strategies to reduce interest expense. See Part II—Item 8 Financial Statements and Supplementary Data, Note 16, "Derivative Instruments and Hedging Activities" and Note 11, "Debt" for further details.

Other income (expense), net and Other pension and postretirement benefits (costs), net

Net other income decreased in 2019 compared to 2018, primarily driven by an $11.7 million gain recorded on the sale of a non-operating asset in 2018. The decrease in other pension and postretirement benefits in 2019 was primarily driven by a pension settlement charge of $29.8 million recognized in 2019. See Part II—Item 8 Financial Statements and Supplementary Data, Note 5, "Other Income and Expense" for further discussion of other income (expense) amounts and Note 15, "Employee Retirement Plans and Postretirement Benefits" for discussion of changes in pension and postretirement benefits (costs) as all non-service cost components of pension and postretirement benefits (costs) are reported within Corporate.

Liquidity and Capital Resources

Our primary sources of liquidity include cash provided by operating activities and access to external capital. We believe that cash flows from operations and cash provided by short-term and long-term borrowings, when necessary, will be more than adequate to meet our ongoing operating requirements, scheduled principal and interest payments on debt, anticipated dividend payments and capital expenditures for the next twelve months, and our long-term liquidity requirements.

While a significant portion of our cash flows from operating activities is generated within the U.S., our cash balances may be comprised of cash held outside the U.S. and in currencies other than USD. As of December 31, 2019, approximately 90% of our cash and cash equivalents was located outside the U.S., largely denominated in foreign currencies. We accrue for tax consequences on the earnings of our foreign subsidiaries upon repatriation. When the earnings are considered indefinitely reinvested outside of the U.S., we do not accrue taxes. However, we continue to assess the impact of the 2017 Tax Act, and related U.S. Department of Treasury proposed, temporary and final regulations, on the tax consequences of future repatriations. We utilize a variety of tax planning and financing strategies in an effort to ensure that our worldwide cash is available in the locations in which it is needed. We periodically review and evaluate these strategies, including external committed and non-committed credit agreements accessible by MCBC and each of our operating subsidiaries. We believe these financing arrangements, along with the cash generated from the operations of our U.S. business, are sufficient to fund our current cash needs in the U.S.

Cash Flows and Use of Cash

Our business generates positive operating cash flow each year, and our debt maturities are of a longer-term nature. However, our liquidity could be impacted significantly by the risk factors described in Part I, Item 1A. Risk Factors.

Cash Flows from Operating activities

Net cash provided by operating activities of approximately $1.9 billion in 2019 decreased by $434.0 million compared to 2018. This decrease was primarily driven by cycling the proceeds received during the first quarter of 2018 of $328.0 million related to the Adjustment Amount (as defined and further discussed in Part II—Item 8 Financial Statements and Supplementary Data, Note 7, "Special Items"), lower net income adjusted for non-cash add backs and higher cash paid for taxes, partially offset by favorable changes in working capital and lower interest paid during 2019.

Cash Flows from Investing activities

Net cash used in investing activities of $433.3 million in 2019 decreased by $235.8 million compared to 2018. This decrease was primarily driven by the receipt of $94.2 million of net proceeds from the sale of our Montreal brewery during the second quarter of 2019, lower capital expenditures in the current year, proceeds received from the voluntary settlement of our cross currency swaps during the second quarter of 2019 and lower cash paid for acquisitions in the current year.

Cash Flows from Financing activities

Net cash used in financing activities of approximately $2.0 billion in 2019 increased by $998.1 million compared to 2018. This increase was primarily driven by higher net repayments on debt and borrowings in 2019 compared to 2018, as well as increased dividend payments in 2019, partially offset by higher net repayments of borrowings under our commercial paper program in 2018.

See Part II—Item 8 Financial Statements and Supplementary Data, Note 11, "Debt" for a summary of our financing activities and debt position as of December 31, 2019 and December 31, 2018.

Capital Resources

Cash and Cash Equivalents

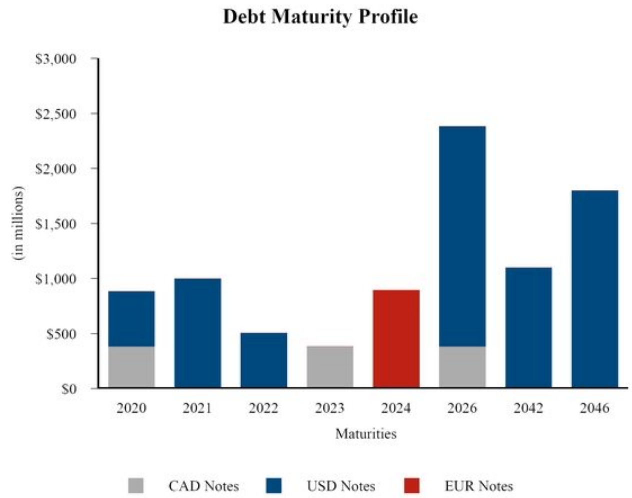
As of December 31, 2019, we had total cash and cash equivalents of $523.4 million compared to approximately $1.1 billion as of December 31, 2018. The decrease in cash and cash equivalents as of December 31, 2019 from December 31, 2018 was primarily driven by cash use related to increased debt and dividend payments in 2019, as well as capital spend, partially offset by cash generated from operating activities. See Part II—Item 8 Financial Statements and Supplementary Data, Consolidated Statements of Cash Flows for additional detail. The majority of our cash and cash equivalents are invested in a variety of highly liquid investments with original maturities of 90 days or less. These investments are viewed by management as low-risk investments on which there are little to no restrictions regarding our ability to access the underlying cash to fund our operations as necessary. While we have some investments in prime money market funds, these are classified as cash and cash equivalents; however, we continually monitor the need for reclassification under the updated SEC requirements for money market funds, and the potential that the shares of such funds could have a net asset value of less than one dollar. We also utilize cash pooling arrangements to facilitate the access to cash across our geographies.

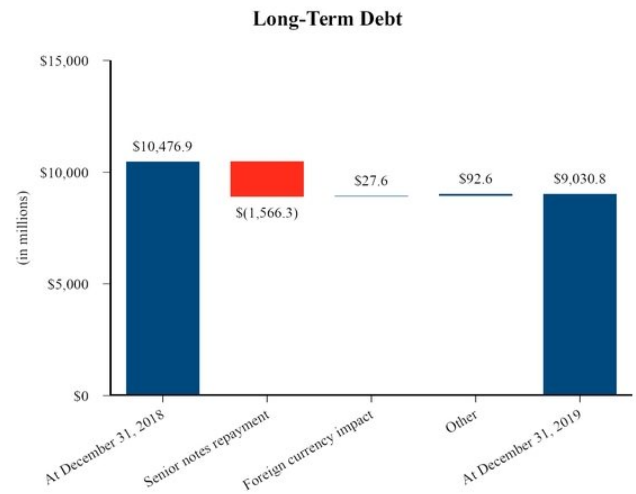
Working Capital

We actively manage working capital through inventory management as well as management of accounts payable and accounts receivable to ensure we are able to meet short-term obligations and we are effectively using assets to increase profitability.

Borrowings

During 2019, we repaid our EUR 500 million variable rate notes, $500 million 1.90% notes, and $500 million 1.45% notes upon their respective maturities throughout the year. Notional amounts are presented in USD based on the applicable exchange rate as of December 31, 2019. Refer to Part II—Item 8 Financial Statements and Supplementary Data, Note 11, "Debt" for details regarding the $500 million and $400 million cross currency swaps on our $500 million 2.25% senior notes due 2020 and on a portion of our $1.0 billion 2.1% senior notes due 2021, respectively, which economically converted these notes to EUR denominated.





The impact of the reclassification of long-term finance leases to long-term debt is included in the "other" column in the table above. See Part II—Item 8 Financial Statements and Supplementary Data, Note 2, "New Accounting Pronouncements" for further details.

Based on the credit profile of our lenders that are party to our credit facilities, we are confident in our ability to draw on our revolving credit facility if the need arises. As of December 31, 2019 and December 31, 2018, we had $1.5 billion available to draw under our $1.5 billion revolving credit facility, which we extended the maturity date in the current year to July 7, 2024, as there were no outstanding revolving credit facility or commercial paper borrowings. In addition, we intend to further utilize our cross-border, cross-currency cash pool for liquidity as needed. We also have JPY, CAD, GBP and USD overdraft facilities as well as an additional JPY line of credit across several banks should we need additional short-term liquidity.

Under the terms of each of our debt facilities, we must comply with certain restrictions. These include customary events of default and specified representations, warranties and covenants, as well as covenants that restrict our ability to incur certain additional priority indebtedness (certain thresholds of secured consolidated net tangible assets), certain leverage threshold percentages, create or permit liens on assets, and restrictions on mergers, acquisitions, and certain types of sale lease-back transactions. Additionally, under the $1.5 billion revolving credit facility, the maximum leverage ratio as of December 31, 2019 is 4.25x net debt to EBITDA, with a decline to 4.00x net debt to EBITDA as of the last day of the fiscal quarter ending December 31, 2020. As of December 31, 2019 and December 31, 2018, we were in compliance with all of these restrictions, have met such financial ratios and have met all debt payment obligations. All of our outstanding senior notes as of December 31, 2019 rank pari-passu.

See Part II—Item 8 Financial Statements and Supplementary Data, Note 11, "Debt" for a complete discussion and presentation of all borrowings and available sources of borrowing, including lines of credit.

Credit Rating

Our current long-term credit ratings are BBB-/Stable Outlook, Baa3/Stable Outlook and BBB(Low)/Stable Outlook with Standard & Poor's, Moody's and DBRS, respectively. Our short-term credit ratings are A-3, Prime-3 and R-2(low), respectively. A securities rating is not a recommendation to buy, sell or hold securities, and it may be revised or withdrawn at any time by the rating agency.

Foreign Exchange

Foreign exchange risk is inherent in our operations primarily due to the significant operating results that are denominated in currencies other than USD. Our approach is to reduce the volatility of cash flows and reported earnings which result from currency fluctuations rather than business related factors. Therefore, we closely monitor our operations in each country and seek to adopt appropriate strategies that are responsive to foreign currency fluctuations. Our financial risk management policy is intended to offset a portion of the potentially unfavorable impact of exchange rate changes on net income and earnings per share. See Part II—Item 8 Financial Statements and Supplementary Data, Note 16, "Derivative Instruments and Hedging Activities" for additional information on our financial risk management strategies.

Our consolidated financial statements are presented in USD, which is our reporting currency. Assets and liabilities recorded in foreign currencies that are the functional currencies for the respective operations are translated at the prevailing exchange rate at the balance sheet date. Translation adjustments resulting from this process are reported as a separate component of other comprehensive income. Revenue and expenses are translated at the average exchange rates during the respective period throughout the year. Gains and losses from foreign currency transactions are included in earnings for the period. The significant exchange rates to the USD used in the preparation of our consolidated financial results for the primary foreign currencies used in our foreign operations (functional currency) are as follows:

	For the years ended		
	December 31, 2019	December 31, 2018	December 31, 2017
Weighted-Average Exchange Rate (1 USD equals)			
Canadian dollar (CAD)	1.32	1.30	1.27
Euro (EUR)	0.89	0.84	0.88
British pound (GBP)	0.79	0.77	0.77
Czech Koruna (CZK)	22.78	21.93	23.43
Croatian Kuna (HRK)	6.60	6.32	6.59
Serbian Dinar (RSD)	104.81	99.74	112.49
Romanian Leu (RON)	4.26	4.00	4.01
Bulgarian Lev (BGN)	1.74	1.67	1.72
Hungarian Forint (HUF)	292.42	267.65	276.49

	As of	
	December 31, 2019	December 31, 2018
Closing Exchange Rate (1 USD equals)		
Canadian dollar (CAD)	1.30	1.36
Euro (EUR)	0.89	0.87
British pound (GBP)	0.75	0.78
Czech Koruna (CZK)	22.70	22.43
Croatian Kuna (HRK)	6.63	6.46
Serbian Dinar (RSD)	104.93	103.20
Romanian Leu (RON)	4.27	4.06
Bulgarian Lev (BGN)	1.74	1.71
Hungarian Forint (HUF)	295.21	279.94

The weighted-average exchange rates in the above table have been calculated based on the average of the foreign exchange rates during the relevant period and have been weighted according to the foreign denominated earnings from operations of the USD equivalent. If foreign currencies in the countries in which we operate devalue significantly in future periods, most significantly the CAD, GBP and other European operating currencies included in the above table, then the impact on USD reported earnings may be material.

Capital Expenditures

In 2019, we incurred $593.0 million, and have paid $593.8 million, for capital improvement projects worldwide, excluding capital spending by equity method joint ventures, representing an approximate 8% decrease versus 2018 capital expenditures incurred of $643.2 million. This decrease is primarily due to cycling higher investments in 2018 versus 2019 associated with the U.S. bottle furnace rebuild as well as lower spend to drive cost savings related to our 2017 to 2019 cost savings program as the timing of spend associated with this program was more heavily weighted towards the first two years of the three year program. Additionally, we are cycling higher investments incurred in 2018 around the construction of our new Chilliwack, British Columbia brewery, which was completed in 2019. This favorability was partially offset by higher expenditures associated with the new Longueuil, Quebec brewery, for which construction is currently underway and not expected to be completed until 2021, as well as the consolidated capital expenditures related to a new manufacturing facility in Belleville, Ontario as part of our Truss joint venture with HEXO in Canada.

We continue to focus on where and how we employ our planned capital expenditures, specifically strengthening our focus on required returns on invested capital as we determine how to best allocate cash within the business.

Contractual Obligations and Commercial Commitments

Contractual Obligations

A summary of our consolidated contractual obligations as of December 31, 2019, based on foreign exchange rates as of December 31, 2019, is as follows:

	Payments due by period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
			(In millions)		
Debt obligations	$ 8,993.6	$ 897.2	$ 1,510.2	$ 1,291.3	$ 5,294.9
Interest payments on debt obligations	3,993.1	280.7	499.2	441.0	2,772.2
Retirement plan expenditures[(1)]	415.4	47.6	85.1	84.2	198.5
Operating leases	182.7	52.2	75.0	34.2	21.3
Finance leases	133.6	38.9	13.0	13.0	68.7
Other long-term obligations[(2)]	2,916.3	666.6	1,025.2	490.8	733.7
Total obligations	$ 16,634.7	$ 1,983.2	$ 3,207.7	$ 2,354.5	$ 9,089.3

See Part II—Item 8 Financial Statements and Supplementary Data, Note 11, "Debt", Note 15, "Employee Retirement Plans and Postretirement Benefits," Note 16, "Derivative Instruments and Hedging Activities," Note 18, "Commitments and Contingencies" and Note 19, "Leases" for additional information.

(1) Represents expected contributions under our defined benefit pension plans in the next twelve months and our benefit payments under postretirement benefit plans for all periods presented. The net underfunded liability as of December 31, 2019, of our defined benefit pension plans (excluding our overfunded plans) and postretirement benefit plans is $90.8 million and $672.5 million, respectively. Defined benefit pension plan contributions in future years will vary based on a number of factors, including actual plan asset returns and interest rates, and as such, have been excluded from the above table. We fund pension plans to meet the requirements set forth in applicable employee benefits laws. We may also voluntarily increase funding levels to meet financial goals. Excluding BRI and BDL, in 2020 we expect to make contributions to our defined benefit pension plans of approximately $5 million and benefit payments under our OPEB plans of approximately $43 million, based on foreign exchange rates as of December 31, 2019.

Our U.K. pension plan is subject to a statutory valuation for funding purposes every three years. The most recent valuation as of June 30, 2019 indicated that the plan does not have a funding deficit relative to the plan's statutory funding objective, and therefore, no MCBC contributions are currently required.

We have taken numerous steps to reduce our exposure to these long-term pension obligations, including the closure of the U.K. and U.S. pension plans to future earning of service credit, benefit modifications in several of our Canada plans and entering into partial buy-in and buy-out contracts for some of our plans. However, given the dependence upon the global financial markets for the financial health of our plans, the plans may continue to periodically require potentially significant amounts of cash funding.

(2) Primarily includes non-cancelable purchase commitments as of December 31, 2019 that are enforceable and legally binding. Approximately $2.0 billion of the total other long-term obligations relate to long-term supply contracts with third parties to purchase raw material, packaging material and energy used in production. Our aggregate commitments for advertising and promotions, including sports sponsorship, total approximately $555 million. The remaining amounts relate to derivative payments, sales and marketing, distribution, information technology services, open purchase orders and other commitments. Included in other long-term obligations are $6.9 million of unrecognized tax benefits, excluding positions we would expect to settle using deferred tax assets, and $10.2 million of indemnities provided to FEMSA for which we cannot reasonably estimate the timing of future cash flows, and we have therefore included these amounts in the more than 5 years column.

Guarantees

We guarantee indebtedness and other obligations to banks and other third parties for some of our equity method investments and consolidated subsidiaries. Guarantees of the outstanding third-party debt of our equity method investments, which are classified as current on the consolidated balance sheets, have been excluded from the contractual obligations table above. See Part II—Item 8 Financial Statements and Supplementary Data, Note 4, "Investments" and Note 18, "Commitments and Contingencies" for further discussion.

Other Commercial Commitments

Based on foreign exchange rates as of December 31, 2019, future commercial commitments are as follows:

	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	$ 60.9	$ 57.6	$ 3.2	$ —	$ 0.1

Contingencies

We are party to various legal proceedings arising in the ordinary course of business, environmental litigation and indemnities associated with our sale of Kaiser to FEMSA. See Part II—Item 8 Financial Statements and Supplementary Data, Note 18, "Commitments and Contingencies" for further discussion.

Off-Balance Sheet Arrangements

Refer to Part II—Item 8 Financial Statements, Note 18, "Commitments and Contingencies" for discussion of off-balance sheet arrangements. As of December 31, 2019, we did not have any other material off-balance sheet arrangements (as defined in Item 303(a)(4)(ii) of Regulation S-K).

Outlook for 2020

On October 28, 2019, we initiated a revitalization plan designed to get Molson Coors back to consistent topline growth. The plan is designed to streamline the Company, allow us to move faster, and free up resources to invest in our brands and capabilities. The components of the revitalization plan include investing in our iconic brands, aggressively growing our above premium business - in beer and flavored beverages, growing beyond beer, strengthening our capabilities and streamlining our company.

We believe our core brands have the power to recruit new legal-age drinkers, which is why investing in our core brands is a key part of the revitalization plan. In the fourth quarter of 2019, we released new creative pieces in the *Coors Light* "Made to Chill" campaign and the *Miller Lite* "It's Miller Time" campaign in the U.S., and we have already unveiled additional spots in 2020. In above premium, volume and net sales revenue improved for the full year 2019 and accelerated in the fourth quarter. We intend to support this acceleration by providing more fuel to our fastest growing brands and new innovations in the above premium space. We recently launched a new creative for *Peroni* in the U.S. that we believe presents an opportunity for continued success in 2020. We have also recently launched two new innovations in the U.S. with *Blue Moon LightSky* and *Saint Archer Gold*. *LightSky* is a low calorie, low carb beer brewed with tangerine peel that pushes the *Blue Moon* brand into incremental occasions and consumers. *Saint Archer Gold* is a premium light lager that we introduced to consumers with a broad media campaign that kicked off in early February 2020 and showcases how the brand is a better tasting light beer than other competitors. Additionally, in January 2020, we agreed to acquire Atwater Brewery, a regional craft brewer in Michigan. It fills a geographic void, gives us distilled spirits capability and we anticipate it will help position our craft portfolio to continue outperforming the broader craft market. We plan to invest more in flavored malt beverages and white spaces that differentiate us and allow us to reach more consumers. Building on our 2019 successes, we expect to continue to invest behind *Cape Line* sparkling cocktails in the U.S. and plan to expand *La Colombe* hard coffee to additional markets. In Canada, we intend to continue to invest in *Mad Jack* - a popular flavored malt beverage. In March 2020, we plan to also launch *Vizzy*, a hard seltzer that offers differentiated ingredients, in the U.S. which we expect will help it carve out a meaningful space in the hard seltzer category. Lastly, we intend to expand beyond the beer aisle altogether. In November 2019, we announced an investment in and partnership with L.A. Libations, an incubator of "better-for-you" non-alcoholic beverages. We intend to be selective about where we compete, always looking to leverage our unique strengths. Additionally, we are taking a definitive step into the wine category with the expected national launch of *Movo* wine spritzers in March 2020.

The organizational restructuring is well under way and we are making progress toward our goal of improving efficiency and unlocking an additional $150 million in annual savings, bringing our total expected costs savings to $600 million over the three year cost savings program discussed below. Effective January 2020, we have simplified our structure from four business units and a corporate center to two streamlined business units - North America and Europe. In North America our new organizational design is now in place. All teams have been selected and people are transitioning to new office locations. In Europe, we have announced all senior leadership changes and anticipate the organization will be complete by the end of March 2020. As part of our updated structure, we have a new data and analytics team and are expanding and developing new commercial and operational capabilities, which we believe will make us smarter and more efficient. The resulting financial reporting changes of this new operating structure will be reflected in our first quarter 2020 results. We continue to estimate the cost of all of these changes will result in total one-time cash and non-cash charges in the range of approximately $120 million to $180 million. We expect the majority of these charges will be cash charges which we began recognizing in the fourth quarter of 2019, and will be further spread through the balance of fiscal years 2020 and 2021. We recognized approximately $43 million as special items within our consolidated statements of operations during the fourth quarter of 2019 related to our revitalization plan. We currently expect to record the remainder of these costs as special items within our consolidated statements of operations.

Cost Savings

Our next generation cost savings program, which began in 2020 and includes the anticipated benefits of the revitalization plan, is currently expected to deliver approximately $600 million over the three year program term through 2022 and is focused around many of the same functions of the business as the 2017 to 2019 program. We plan to reinvest these additional cost savings behind our brands and other capability building.

Capital Expenditures

We currently expect to incur total capital expenditures of approximately $700 million in 2020, based on foreign exchange rates as of December 31, 2019, including capital expenditures associated with the construction of our new Longueuil, Quebec brewery and increased investment to modernize our Golden, Colorado brewery, excluding capital spending by equity method joint ventures.

Interest

We anticipate 2020 consolidated net interest expense of approximately $280 million, based on foreign exchange and interest rates as of December 31, 2019.

Tax

We expect our effective tax rate to be in the range of 20 to 24 percent for 2020 and beyond, which remains subject to additional definitive guidance and finalized regulations from the U.S. government regarding the implementation of the 2017 Tax Act.

Deleverage & Dividends

We currently intend to maintain our investment grade debt rating and we are committed to further deleverage in 2020 in accordance with our plans. We have suspended our share repurchase program as we continue to pay down debt which we plan to revisit as we further deleverage. Our most recent quarterly dividend was declared and paid at $0.57 per share, which when annualized, is consistent with our ongoing target dividend payout ratio of 20% to 25% of trailing annual EBITDA, which we currently intend to maintain in the future.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. In connection with the preparation of our consolidated financial statements, we are required to make judgments and estimates that significantly affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures. Our estimates are based on historical experience, current trends and various other assumptions we believe to be relevant under the circumstances. We review the underlying factors used in our estimates regularly, including reviewing the significant accounting policies impacting the estimates, to ensure compliance with U.S. GAAP. However, due to the uncertainty inherent in our estimates, actual results may be materially different. We have identified the accounting estimates below as critical to understanding and evaluating the financial results reported in our consolidated financial statements.

For a complete description of our significant accounting policies, see Part II—Item 8 Financial Statements and Supplementary Data, Note 1, "Basis of Presentation and Summary of Significant Accounting Policies."

Pension and Other Postretirement Benefits

Our defined benefit pension plans cover certain current and former employees in the U.S., Canada, the U.K. and Japan. Benefit accruals for the majority of employees in our U.S. and U.K. plans have been frozen and the plans are closed to new entrants. In the U.S., we also participate in, and make contributions to, multi-employer pension plans. Our OPEB plans provide medical benefits for retirees and their eligible dependents as well as life insurance and, in some cases, dental and vision coverage, for certain retirees in Canada, the U.S., Corporate, and Europe. The U.S., Canada and U.K. defined benefit pension plans are primarily funded, but the Japan plan and all OPEB plans are unfunded. We also offer defined contribution plans in each of our segments.

Accounting for pension and OPEB plans requires that we make assumptions that involve considerable judgment which are significant inputs in the actuarial models that measure our net pension and OPEB obligations and ultimately impact our earnings. These include the discount rate, long-term expected rate of return on assets, compensation trends, inflation considerations, health care cost trends and other assumptions, as well as determining the fair value of assets in our funded plans. Specifically, the discount rates, as well as the expected rates of return on assets and plan asset fair value determination, are important assumptions used in determining the plans' funded status and annual net periodic pension and OPEB costs. We evaluate these critical assumptions at least annually on a plan and country-specific basis. We also, with the help of actuaries, periodically evaluate other assumptions involving demographic factors, such as retirement age, mortality and turnover, and update them to reflect our experience and expectations for the future. While we believe that our assumptions are appropriate, significant differences in our actual experience or significant changes in our assumptions may materially affect our net pension and postretirement benefit obligations and related expense.

Discount Rates

The assumed discount rates are used to present-value future benefit obligations based on each plan's respective estimated duration. Our pension and postretirement discount rates are based on our annual evaluation of high quality corporate bonds in various markets based on appropriate indices and actuarial guidance. We believe that our discount rate assumptions are appropriate; however, significant changes in our assumptions may materially affect our pension and OPEB obligations and related expense.

As of December 31, 2019, on a weighted-average basis, the discount rates used were 2.55% for our defined benefit pension plans and 2.91% for our OPEB plans. The change from the weighted-average discount rates of 3.44% for our defined benefit pension plans and 3.92% for our postretirement plans as of December 31, 2018 is primarily the result of declining interest rates during 2019.

A 50 basis point change in our discount rate assumptions would have had the following effects on the projected benefit obligation balances as of December 31, 2019 for our pension and OPEB plans:

	Impact to projected benefit obligation as of December 31, 2019 - 50 basis points	
	Decrease	Increase
	(In millions)	
Projected benefit obligation - unfavorable (favorable)		
Pension obligation	$ 370.6	$ (330.0)
OPEB obligation	36.5	(34.4)
Total impact to the projected benefit obligation	$ 407.1	$ (364.4)

Our U.K. pension plan includes benefits linked to inflation. The above sensitivity analysis does not consider the implications to inflation resulting from the above contemplated discount rate changes. This sensitivity holds all other assumptions constant.

Long-Term Expected Rates of Return on Assets

The assumed long-term expected return on assets is used to estimate the actual return that will occur on each individual funded plan's respective plan assets in the upcoming year. We determine each plan's EROA with substantial input from independent investment specialists, including our actuaries and other consultants. In developing each plan's EROA, we consider current and expected asset allocations, historical market rates as well as historical and expected returns on each plan's individual asset classes. In developing future return expectations for each of our plan's assets, we evaluate general market trends as well as key elements of asset class returns such as expected earnings growth, yields and spreads. The calculation includes inputs for interest, inflation, credit, and risk premium (active investment management) rates and fees paid to service providers. Based on the above factors and expected asset allocations, we have assumed, on a weighted-average basis, an EROA of 3.24% for our defined benefit pension plan assets for cost recognition in 2020. This is a decrease from the weighted-average rate of 4.38% we had assumed for 2019. We believe that our EROA assumptions are appropriate; however, significant changes in our assumptions or actual returns that differ significantly from estimated returns may materially affect our net periodic pension costs.

To compute the expected return on plan assets, we apply the EROA to the market-related value of the pension plan assets adjusted for projected benefit payments to be made from the plan assets and projected contributions to the plan assets. We use the fair value approach to calculate the market-related value of pension plan assets used to determine net periodic pension cost, which includes measuring the market-related value of plan assets at fair value for purposes of determining the expected return on plan assets and amount of gain or loss subject to amortization.

A 50 basis point change in our discount rate and expected return on assets assumptions made at the beginning of 2019 would have had the following effects on 2019 net periodic pension and postretirement benefit costs:

	Impact to 2019 pension and postretirement benefit costs - 50 basis points (unfavorable) favorable	
	Decrease	Increase
	(In millions)	
Description of pension and postretirement plan sensitivity item		
Expected return on pension plan assets	$ (23.9)	$ 23.9
Discount rate on pension plans	$ 1.4	$ (6.1)
Discount rate on postretirement plans	$ (2.0)	$ 1.9

Fair Value of Plan Assets

We recognize our defined benefit pension plans as assets or liabilities in the consolidated balance sheets based on their underfunded or overfunded status as of our year end and recognize changes in the funded status due to changes in actuarial assumptions in the year in which the changes occur within other comprehensive income. Our funded status of our defined benefit pension plans is measured as the difference between each plan's projected benefit obligation and its assets' fair values. The fair value of plan assets is determined by us using available market information and appropriate valuation methodologies. However, considerable judgment is required in selecting an appropriate methodology and interpreting market data to develop the estimates of fair value, especially in the absence of quoted market values in an active market. Changes in these assumptions or the use of different market inputs may have a material impact on the estimated fair values or the ultimate amount at which the plan assets are available to satisfy our plan obligations.

Equity assets are diversified between domestic and other international investments. Relative allocations reflect the demographics of the respective plan participants. See Part II—Item 8 Financial Statements and Supplementary Data, Note 15, "Employee Retirement Plans and Postretirement Benefits" for a comparison of target asset allocation percentages to actual asset allocations as of December 31, 2019.

Other Considerations

Our net periodic pension and postretirement benefit costs are also influenced by the potential amortization (or non-amortization) from accumulated other comprehensive income (loss) of deferred gains and losses, which occur when actual experience differs from estimates. We employ the corridor approach for determining each plan's amortization. This approach defines the “corridor” as the greater of 10% of the PBO or 10% of the market-related value of plan assets (as discussed above) and requires amortization of the excess net gain or loss that exceeds the corridor over the average remaining service periods of active plan participants. For our closed plans or plans that are primarily inactive, the average remaining life expectancy of all plan participants (including retirees) is used. If our actuarial losses significantly exceed this corridor in the future, significant incremental pension and postretirement costs could result. As of year-end 2019, the deferred losses of several of our Canadian plans, as well as those in our U.K. plan, and the deferred gains of our U.S. plan, exceeded the 10% corridor.

The assumed health care cost trend rates represent the rates at which health care costs are assumed to increase and are based on actuarial input and consideration of historical and expected experience. We use these trends as a significant assumption in determining our postretirement benefit obligation and related costs. Changes in our projections of future health care costs due to general economic conditions and those specific to health care will impact this trend rate. An increase in the trend rate would increase our obligation and expense of our postretirement health care plan. We believe that our health care cost trend rate assumptions are appropriate; however, significant changes in our assumptions may materially affect our postretirement benefit obligations and related costs. As of December 31, 2019, the health care trend rates used were ranging ratably from 6.25% in 2020 to 3.57% in 2040, consistent with our health care trend rates ranging ratably from 6.5% in 2019 to 4.5% in 2037 used as of December 31, 2018. See Part II—Item 8 Financial Statements and Supplementary Data, Note 15, "Employee Retirement Plans and Postretirement Benefits" for further information.

Contingencies, Environmental and Litigation Reserves

Contingencies, environmental and litigation reserves are recorded, when probable, using our best estimate of loss. This estimate, involving significant judgment, is based on an evaluation of the range of loss related to such matters and where the amount and range can be reasonably estimated. These matters are generally resolved over a number of years and only when one or more future events occur or fail to occur. Following our initial determination, we regularly reassess and revise the potential liability related to any pending matters as new information becomes available. Unless capitalization is allowed or required by U.S. GAAP, environmental and legal costs are expensed when incurred. We disclose pending loss contingencies when the loss is deemed reasonably possible, which requires significant judgment. As a result of the inherent uncertainty of these matters, the ultimate conclusion and actual cost of settlement may materially differ from our estimates. We recognize contingent gains upon the determination that realization is assured beyond a reasonable doubt, regardless of the perceived probability of a favorable outcome prior to achieving that assurance. In the instance of gain contingencies resulting from favorable litigation, due to the numerous uncertainties inherent in a legal proceeding, gain contingencies resulting from legal settlements are not recognized in income until cash or other forms of payment are received. If significant and probable, we disclose as appropriate.

See Part I—Item 3 Legal Proceedings and Part II—Item 8 Financial Statements and Supplementary Data, Note 18, "Commitments and Contingencies" for a discussion of our contingencies, environmental and litigation reserves as of December 31, 2019.

Goodwill and Intangible Asset Valuation

Goodwill is allocated to the reporting unit in which the business that created the goodwill resides. A reporting unit is an operating segment, or a business unit one level below that operating segment, for which discrete financial information is prepared and regularly reviewed by segment management. As of the date of completion of our 2019 impairment testing, the operations in each of the specific regions within our U.S., Canada, Europe and International segments are components based on the availability of discrete financial information and the regular review by segment management. Therefore, the components within each respective segment must be evaluated for aggregation to determine if the components have similar economic characteristics. As a result, in certain cases, we have aggregated components, within an operating segment, into one reporting unit if the specific aggregation criteria under U.S. GAAP is met. Specifically, we have concluded that the components within the U.S., Canada and Europe segment each meet the criteria as having similar economic characteristics and therefore have aggregated these components into the U.S., Canada and Europe reporting units, respectively. Therefore, the U.S., Canada and Europe reporting units are consistent with our operating segments. However, for our India business, the reporting unit is one level below the International operating segment. Any change to the conclusion of our reporting units or the aggregation of components within our reporting units, including potential changes resulting from our revitalization plan, could result in a different outcome to our annual impairment test. As of the date of our annual impairment test, our significant indefinite-lived intangible assets included the *Coors* and *Miller* brand families in the U.S., the *Coors Light* distribution rights in Canada, and the *Carling* and *Staropramen* brands in Europe.

We evaluate the carrying value of our goodwill and indefinite-lived intangible assets for impairment at least annually or when an interim triggering event occurs that would indicate that impairment may have taken place. We identified a triggering event requiring an interim impairment assessment of the goodwill within our Canada and India reporting units at the end of the third quarter of 2019. Our annual impairment test of indefinite-lived intangible assets was performed as of October 1, the first day of the last fiscal quarter. We evaluate our other definite-lived intangible assets for impairment when evidence exists that certain events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Significant judgments and assumptions are required in such impairment evaluations.

Our annual evaluation involves comparing each reporting unit's fair value to its respective carrying value, including goodwill. If the fair value exceeds carrying value, then we conclude that no goodwill impairment has occurred. If a reporting unit's carrying value exceeds its fair value, we would recognize an impairment loss in an amount equal to the excess up to the total amount of goodwill allocated to that reporting unit.

We use a combination of discounted cash flow analyses and market approaches to determine the fair value of each of our reporting units, and an excess earnings approach to determine the fair values of our *Coors* and *Miller* brand families in the U.S., the *Staropramen* brand in Europe, and the *Coors Light* distribution rights in Canada. We utilized a qualitative assessment of the *Carling* brand in Europe and water rights in the U.S., in order to determine whether the fair value of those indefinite-lived intangible assets was in excess of its carrying value. The decision to utilize a qualitative assessment in the current year for the *Carling* brand was the result of taking several factors into consideration, including the excess of the brand's fair value over its carrying value in the most recent quantitative impairment analysis. Our discounted cash flow projections include assumptions for growth rates for sales, costs and profits, which are based on various long-range financial and operational plans of each reporting unit or each indefinite-lived intangible asset. Additionally, discount rates used in our goodwill analysis are based on weighted-average cost of capital, driven by the prevailing interest rates in geographies where these businesses operate, as well as the credit ratings, financing abilities and opportunities of each reporting unit, among other factors. Discount rates for the indefinite-lived intangible analysis by brand largely reflect the rates supporting the overall reporting unit valuation but may differ slightly to adjust for country or market specific risk associated with a particular brand. Our market-based valuations utilize earnings multiples of comparable public companies, which are reflective of the market in which each respective reporting unit operates, and recent comparable market transactions.

Changes in the factors used in our fair value 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 indefinite-lived intangible assets.

Interim Impairment Assessment

We identified a triggering event requiring an interim impairment assessment of the goodwill within our Canada reporting unit at the end of the third quarter of 2019, which resulted in a goodwill impairment loss of $668.3 million. The goodwill impairment trigger was the result of continued challenges and steepening declines within the Canadian beer industry reflected in the prolonged weakened performance of the Canada reporting unit through the third quarter of 2019. These performance headwinds have been countered, in part, by the benefit of the recent interest rate environment, which resulted in a decrease in the risk-free rate included in our current year discount rate calculations. Specifically, the discount rate used in developing our interim fair value estimate for the Canada reporting unit was 8.50%, as compared to 9.25% used as of the October 1, 2018 annual testing date. However, the performance declines and increased challenges within the beer industry in Canada, coupled with significant increases in cost inflation, volume deleverage, and resulting margin erosion, has had a material adverse impact on the expected future cash flows utilized in the valuation approaches for the Canada reporting unit, such that it was determined that the fair value of the reporting unit was more likely than not reduced below its carrying amount during the third quarter. As a result of this triggering event, we performed an interim quantitative analysis, using a combination of discounted cash flow analyses and market-based approaches, consistent with our annual impairment testing, in which it was determined that the carrying value of the Canada reporting unit exceeded its fair value by $668.3 million.

We also evaluated the indefinite-lived and definite-lived intangible assets within our Canada reporting unit, prior to recording the goodwill impairment, and concluded that no impairments were required; however, the *Coors Light* distribution agreement indefinite-lived intangible asset is considered to be at risk of future impairment as further discussed below.

Separately, during the third quarter of 2019 we also identified an interim triggering event related to goodwill within our India reporting unit resulting from significant declines in performance in the current year, coupled with the continuation of challenging business conditions, which required us to perform an interim quantitative impairment analysis at the end of the third quarter of 2019. As a result of this interim analysis, we determined that the carrying value of the India reporting unit exceeded its fair value, resulting in an aggregate impairment loss of $12.2 million related to the goodwill of our India reporting unit and a definite-lived brand intangible asset.

Annual Impairment Assessment

We completed our required annual goodwill and indefinite-lived intangible asset impairment testing as of October 1, 2019, the first day of our fourth quarter, and concluded there were no additional impairments of goodwill within any of our reporting units. Further, there were no impairments of our other indefinite-lived intangible assets as a result of the annual review process.

Reporting Units and Goodwill

The fair value of the U.S., Europe and Canada reporting units were estimated at approximately 17%, 12% and 0% in excess of carrying value, respectively, as of the October 1, 2019 testing date. In the current year testing, it was determined that the fair value of the U.S. and Canada reporting units declined during the year, while there was a slight increase in the fair value of the Europe reporting unit versus the prior year. As a result of our testing, the Europe and Canada reporting units continue to be considered at risk of impairment. The decline in fair value of the U.S. and Canada reporting units in the current year is largely due to weakening of the overall North American beer market in the current year, which adversely impacted the results of our impairment testing. These challenges were partially offset by the benefits to our discount rate as a result of the recent interest rate environment. In the U.S. reporting unit, industry driven declines negatively impacted brand volumes as compared to the prior year; however these headwinds were partially offset by continued investment behind above premium brands and innovation benefiting management's forward-looking plans. In the Europe reporting unit, while weather and tourism-related headwinds had an adverse impact on current year brand volumes, forward-looking plans continue to focus on management's premiumization agenda, which is positively impacting the forecasted future cash flows of the reporting unit. Following the interim goodwill impairment charge recorded during the third quarter within the Canada reporting unit, the fair value of the Canada reporting unit was reduced to its carrying value. No further deterioration in value was identified in the fourth quarter testing, and therefore, the fair value of the Canada reporting unit goodwill equals its carrying value as of the October 1, 2019 testing date. As a result of the interim goodwill impairment charge within the India reporting unit, the goodwill balance was reduced to zero and is no longer subject to evaluation for impairment on a go-forward basis.

Although the fair value of each of our reporting units was determined to be either equal to or in excess of its respective carrying value as of the October 1, 2019, testing date, the fair value determinations are sensitive to further unfavorable changes in forecasted cash flows, macroeconomic conditions, market multiples or discount rates that could negatively impact future analyses. The key assumptions used to derive the estimated fair values of our reporting units represent Level 3 measurements.

Indefinite-Lived Intangible Assets

The *Coors* and *Miller* indefinite-lived brands in the U.S. continue to be sufficiently in excess of their respective carrying values as of the annual testing date.

The fair value of the indefinite-lived *Coors Light* brand distribution rights in Canada is considered to be at risk of future impairment with a fair value estimated at approximately 11% in excess of its carrying value as of the annual testing date. The fair value decline of the *Coors Light* brand distribution rights versus the prior year was a result of continued volume declines through 2019. The performance deterioration in the current year follows the goodwill impairment charge that was taken in the third quarter of 2019 that resulted from prolonged Canada beer industry declines.

The fair values of our indefinite-lived intangible assets in Europe, including the *Staropramen* and *Carling* brands, continue to be sufficiently in excess of their respective carrying values as of the annual testing date.

We utilized Level 3 fair value measurements in our impairment analysis of certain indefinite-lived intangible brand assets, including the *Coors* and *Miller* brands in the U.S., the *Coors Light* distribution rights in Canada, and the *Staropramen* brand in Europe, which utilizes an excess earnings approach to determine the fair values of these assets as of the testing date. The future cash flows used in the analysis are based on internal cash flow projections based on our long range plans and include significant assumptions by management as noted below. Separately, we performed qualitative assessments of certain indefinite-lived intangible assets, including the *Carling* brand in Europe and water rights in the U.S., to determine whether it was more likely than not that the fair values of these assets were greater than their respective carrying amounts. Based on the qualitative assessments, we determined that a full quantitative analysis was not necessary.

Key Assumptions

As of the date of our annual impairment test, performed as of October 1, the Europe and Canada reporting unit goodwill balances are at risk of future impairment in the event of significant unfavorable changes in the forecasted cash flows (including prolonged weakening of economic conditions, or significant unfavorable changes in tax, environmental or other regulations, including interpretations thereof), terminal growth rates, market multiples and/or weighted-average cost of capital utilized in the discounted cash flow analyses. For testing purposes of our reporting units, management's best estimates of the expected future results are the primary driver in determining the fair value. Current projections used for our Canada reporting unit testing reflect continued challenges within the beer industry in Canada adversely impacting the projected cash flows of the business. Current projections used for our Europe reporting unit incorporate volume and revenue growth driven by management's premiumization agenda, slightly off-set by adverse impacts to cash flows in the current year generated by underperformance of brand volumes driven by external factors such as weather and tourism-related activity. Challenges in both Canada and Europe were partially offset by the benefits to our discount rate as a result of the recent interest rate environment.

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors. As a result, there can be no assurance that the estimates and assumptions made for purposes of the annual goodwill and indefinite-lived intangible impairment tests will prove to be an accurate prediction of the future. Examples of events or circumstances that could reasonably be expected to negatively affect the underlying key assumptions and ultimately impact the estimated fair value of our reporting units and indefinite-lived intangible assets may include such items as: (i) a decrease in expected future cash flows, specifically, a decrease in sales volume and increase in costs that could significantly impact our immediate and long-range results, a decrease in sales volume driven by a prolonged weakness in consumer demand or other competitive pressures adversely affecting our long-term volume trends, a continuation of the trend away from core brands in certain of our markets, especially in markets where our core brands represent a significant portion of the market, unfavorable working capital changes and an inability to successfully achieve our cost savings targets, (ii) adverse changes in macroeconomic conditions or an economic recovery that significantly differs from our assumptions in timing and/or degree (such as a recession), (iii) volatility in the equity and debt markets or other country specific factors which could result in a higher weighted-average cost of capital, (iv) sensitivity to market multiples; and (v) regulation limiting or banning the manufacturing, distribution or sale of alcoholic beverages.

Based on known facts and circumstances, we evaluate and consider recent events and uncertain items, as well as related potential implications, as part of our annual assessment and incorporate into the analyses as appropriate. These facts and circumstances are subject to change and may impact future analyses. For example, we continue to monitor the challenges within the beer industry for further weakening or additional systemic structural declines. Separately, the Ontario provincial government adopted a bill that, if enacted, could adversely impact the existing terms of the beer distribution and retail systems in the province, as further described in Part II—Item 8 Financial Statements and Supplementary Data, Note 18, "Commitments and Contingencies".

In 2019, the discount rate used in developing our annual fair value estimates for the U.S., Europe and Canada reporting units was 8.50% for all reporting units, based on market-specific factors, as compared to 9.00%, 9.50% and 9.25%, respectively used as of the October 1, 2018 annual testing date. The recent interest rate environment has resulted in a decrease to the risk-free rate used in the current year discount rate calculations, which has resulted in a discount rate decrease for each of the reporting units when also taking into consideration the market or country specific risk premium for each geography in which our brands are based. The discount rates for the *Coors* and *Miller* brands in the U.S., the *Staropramen* brand in Europe and the *Coors Light* distribution rights in Canada decreased compared to the discount rates used in the prior year analysis, primarily due to the decrease in the risk-free rates included in our current year discount rate calculations, as noted above.

We identified a triggering event requiring an interim impairment assessment of the goodwill within our Canada and India reporting units at the end of the third quarter of 2019, which resulted in goodwill impairment charges during the year as noted above and within Part II—Item 8 Financial Statements and Supplementary Data, Note 10, "Goodwill and Intangible Assets". Current expectations driving our annual impairment testing as of October 1, 2019 have resulted in fair values of our reporting units either equal to or in excess of carrying values. However, if our assumptions are not realized, it is possible that further impairment charges may need to be recorded in the future. For example, a 50 basis point increase in our discount rate assumptions, which is within a reasonable range of historical discount rate fluctuations between test dates, would have had the following effects on the fair value cushion in excess of carrying value for the U.S., Europe and Canada reporting units, as well as the at risk *Coors Light* brand distribution right indefinite-lived intangible asset in Canada, as of the October 1, 2019 test date:

	Impact to the fair value cushion as of October 1, 2019 - 50 basis points increase	
	Cushion (as reported)	**Cushion (post-sensitivity)**
	% of fair value in excess of carrying value	
Reporting Units:		
United States	17%	14%
Europe	12%	8%
Canada	—%	(3)%
Indefinite-Lived Intangible Assets:		
Coors Light brand distribution rights, Canada	11%	2%

Post sensitivity, the fair values of the U.S. and Europe reporting units as well as the *Coors Light* brand distribution right indefinite-lived intangible asset remain in excess of their carrying values, while the fair value of the Canada reporting unit falls below its carrying value. The discount rate sensitivity holds all other assumptions and inputs constant.

Regarding definite-lived intangible assets, we continuously monitor the performance of the underlying asset for potential triggering events suggesting an impairment review should be performed. With the exception of the impairment losses related to the *Grolsch* brand and distribution agreement definite-lived intangible assets discussed in Part II—Item 8 Financial Statements and Supplementary Data, Note 4, "Investments" and the brand intangible asset related to our India business discussed above, no such triggering events resulting in an impairment loss were identified in 2019, 2018 or 2017. See Part II—Item 8 Financial Statements and Supplementary Data, Note 10, "Goodwill and Intangible Assets" for further discussion.

As of December 31, 2019, the carrying values of goodwill and intangible assets were approximately $7.6 billion and $13.7 billion, respectively. If actual performance results differ significantly from our projections or we experience significant fluctuations in our other assumptions, a material impairment loss may occur in the future. See Part II—Item 8 Financial Statements and Supplementary Data, Note 10, "Goodwill and Intangible Assets" for further discussion and presentation of these amounts.

Income Taxes

Income taxes are accounted for in accordance with U.S. GAAP. Judgment is required in determining our consolidated 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. See Part II—Item 8 Financial Statements and Supplementary Data, Note 6, "Income Tax" for further discussion on the implications of the 2017 Tax Act on our financial statements.

We are periodically subject to tax return audits by both foreign and domestic tax authorities, which can involve questions regarding our tax positions. Settlement of any challenge resulting from these audits can result in no change, a complete disallowance, or some partial adjustment reached through negotiations or litigation. We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained based on its technical merits. We measure and record the tax benefits from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Our estimated liabilities related to these matters are adjusted in the period in which the uncertain tax position is effectively settled, the statute of limitations for examination expires or when additional information becomes available. Our liability for unrecognized tax benefits requires the use of assumptions and significant judgment to estimate the exposures associated with our various filing positions. Although we believe that the judgments and estimates made are reasonable, actual results could differ and resulting adjustments could materially affect our effective income tax rate and income tax provision.

We annually distribute cash from our foreign subsidiaries' current year earnings and record the tax impacts associated with these transactions. Any current earnings not otherwise distributed or planned to be distributed in the current year are considered permanently reinvested in our foreign operations. The aggregate of these earnings is currently a deficit for U.S. tax purposes and would not result in any material taxes, if distributed. We have no plans to dispose of foreign subsidiaries and would not expect outside basis differences in foreign subsidiaries to reverse with material tax consequences.

We record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized. We evaluate our ability to realize the tax benefits associated with deferred tax assets by assessing the adequacy of future expected taxable income, including the reversal of existing temporary differences, historical and projected operating results, and the availability of prudent and feasible tax planning strategies. The realization of tax benefits is evaluated by jurisdiction and the realizability of these assets can vary based on the character of the tax attribute and the carryforward periods specific to each jurisdiction. 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 decrease income tax expense 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 recorded to income tax expense in the period such determination was made.

There are proposed or pending tax law changes in various jurisdictions in which we do business. For example, as discussed in Part II—Item 8 Financial Statements and Supplementary Data, Note 6, "Income Tax", since 2018, the U.S. Department of Treasury has continued to issue proposed, temporary and final regulations to implement provisions of the 2017 Tax Act. We recognize the impacts of changes in tax law upon enactment, and therefore, proposed changes in tax law, regulations and rules are not reflected within our income tax provision. As a result, such changes may, upon ultimate enactment, result in material impacts to our financial statements.

New Accounting Pronouncements

New Accounting Pronouncements Not Yet Adopted

See Part II-Item 8 Financial Statements and Supplementary Data, Note 2, "New Accounting Pronouncements" for a description of all new accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business, we actively manage our exposure to various market risks by entering into various supplier-based and market-based hedging transactions, authorized under established risk management policies that place clear controls on these activities. Our objective in managing these exposures is to decrease the volatility of our earnings and cash flows due to changes in underlying rates and costs.

The counterparties to our market-based transactions are generally highly rated institutions. We perform assessments of their credit risk regularly. Our market-based transactions include a variety of derivative financial instruments, none of which are used for trading or speculative purposes.

Interest Rate Risk

We are exposed to volatility in interest rates with regard to current and future debt offerings. Primary exposures include U.S. Department of Treasury rates, Canadian government rates and LIBOR. To mitigate this exposure as it pertains to future debt offerings and to achieve our desired fixed-to-floating rate debt profile, we may enter into interest rate swaps from time to time.

Foreign Exchange Risk

Foreign currency fluctuations affect our net investments in foreign subsidiaries and foreign currency-denominated cash flows. We manage our foreign currency exposures through foreign currency forward contracts and foreign-denominated debt. We may also enter into cross currency swaps from time to time.

Commodity Price Risk

We use commodities in the production and distribution of our products. To manage the related price risk for these costs, we utilize market-based derivatives and long-term supplier-based contracts. Our primary objective when entering into these transactions is to achieve price certainty for commodities used in our supply chain. We manage our exposures through a combination of purchase orders, long-term supply contracts and over-the-counter financial instruments.

Equity Price Risk

We currently hold warrants allowing us the option to purchase common shares of HEXO Corp. ("HEXO"), our Truss LP ("Truss") joint venture partner in Canada. These warrants are subject to equity price risk, representative of the potential future loss of value that would result from a decline in the market price of HEXO's underlying common shares.

Details of market-risk sensitive debt, derivative and other financial instruments are included in the table below. Notional amounts and fair values are presented in USD based on the applicable exchange rate as of December 31, 2019. See Part II—Item 8 Financial Statements and Supplementary Data, Note 11, "Debt" and Note 16, "Derivative Instruments and Hedging Activities" for further discussion.

	Notional amounts by expected maturity date							December 31, 2019
	Year end							
	2020	2021	2022	2023	2024	Thereafter	Total	Fair value Asset/ (Liability)
	(In millions)							
Long-term debt:								
CAD 500 million 2.75% notes due 2020	$ 384.9	$ —	$ —	$ —	$ —	$ —	$ 384.9	$ (388.9)
CAD 500 million 2.84% notes due 2023	$ —	$ —	$ —	$ 384.9	$ —	$ —	$ 384.9	$ (390.2)
CAD 500 million 3.44% notes due 2026	$ —	$ —	$ —	$ —	$ —	$ 384.9	$ 384.9	$ (392.0)
$500 million 2.25% notes due 2020	$ 500.0	$ —	$ —	$ —	$ —	$ —	$ 500.0	$ (503.2)
$1.0 billion 2.10% notes due 2021	$ —	$ 1,000.0	$ —	$ —	$ —	$ —	$ 1,000.0	$ (1,011.6)
$500 million 3.5% notes due 2022	$ —	$ —	$ 500.0	$ —	$ —	$ —	$ 500.0	$ (517.4)
$2.0 billion 3.0% notes due 2026	$ —	$ —	$ —	$ —	$ —	$ 2,000.0	$ 2,000.0	$ (2,056.2)
$1.1 billion 5.0% notes due 2042	$ —	$ —	$ —	$ —	$ —	$ 1,100.0	$ 1,100.0	$ (1,201.9)
$1.8 billion 4.2% notes due 2046	$ —	$ —	$ —	$ —	$ —	$ 1,800.0	$ 1,800.0	$ (1,835.5)
EUR 800 million 1.25% notes due 2024	$ —	$ —	$ —	$ —	$ 897.0	$ —	$ 897.0	$ (927.8)
Foreign currency management:								
Forwards	$ 140.4	$ 78.6	$ 18.9	$ —	$ —	$ —	$ 237.9	$ 2.1
Cross currency swaps	$ 500.0	$ 400.0	$ —	$ —	$ —	$ —	$ 900.0	$ 10.0
Interest rate management:								
Forward starting interest rate swaps	$ —	$ 250.0	$ 250.0	$ —	$ —	$ 1,000.0	$ 1,500.0	$ (111.5)
Commodity pricing management:								
Swaps	$ 391.2	$ 180.1	$ 27.1	$ —	$ —	$ —	$ 598.4	$ (41.2)
Options	$ 18.4	$ —	$ —	$ —	$ —	$ —	$ 18.4	$ —

We hold warrants providing us with the ability to purchase 11.5 million common shares of HEXO, our Truss joint venture partner, at a strike price of CAD 6.00 per share, which expire on October 4, 2021. The fair value of our warrant asset at December 31, 2019 was $2.7 million.

Sensitivity Analysis

Our market sensitive derivative and other financial instruments, as defined by the SEC, are debt, foreign currency forward contracts, commodity swaps, commodity options, cross currency swaps, forward starting interest rate swaps and warrants. We monitor foreign exchange risk, interest rate risk, commodity risk, equity price risk and related derivatives using a sensitivity analysis.

The following table presents the results of the sensitivity analysis, which reflects the impact of a hypothetical 10% adverse change in each of these risks to our derivative and debt portfolio, with the exception of interest rate risk to our forward starting interest rate swaps in which we have applied an absolute 1% adverse change to the respective instrument's interest rate:

	As of	
	December 31, 2019	December 31, 2018
	(In millions)	
Estimated fair value volatility		
Foreign currency risk:		
Forwards	$ (25.8)	$ (35.1)
Foreign currency denominated debt	$ (194.2)	$ (249.3)
Cross currency swaps	$ (89.2)	$ (43.3)
Interest rate risk:		
Debt	$ (255.4)	$ (302.1)
Forward starting interest rate swaps	$ (150.4)	$ (126.2)
Commodity price risk:		
Commodity swaps	$ (52.9)	$ (77.5)
Commodity options	$ —	$ —
Equity price risk:		
Warrants	$ (0.6)	$ (2.8)

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 materially from the results presented in the table above.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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 Beverage 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.

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2019, based on the framework and criteria established in *Internal Control—Integrated Framework* (2013 Framework), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon its assessment, management concluded that, as of December 31, 2019, 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 control.

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.

/s/ GAVIN D.K. HATTERSLEY	/s/ TRACEY I. JOUBERT
Gavin D.K. Hattersley	Tracey I. Joubert
President & Chief Executive Officer	*Chief Financial Officer*
Molson Coors Beverage Company	Molson Coors Beverage Company
February 12, 2020	February 12, 2020

Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Stockholders of Molson Coors Beverage Company

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Molson Coors Beverage Company and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of operations, of comprehensive income (loss), of stockholders' equity and noncontrolling interests and of cash flows for each of the three years in the period ended December 31, 2019, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended December 31, 2019 appearing under Item 15(c) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, 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 Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. 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.

Definition and Limitations of Internal Control over Financial Reporting

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.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill Impairment Assessments for the Europe and Canada Reporting Units

As described in Notes 1 and 10 to the consolidated financial statements, the Company's balance related to goodwill in the Europe and Canada reporting units as of December 31, 2019 is $1,484.8 million and $218.1 million, respectively. The carrying value of goodwill is evaluated for impairment at the reporting unit level at least annually or when an interim triggering event occurs that would indicate that impairment may have taken place. The Company's annual impairment tests are performed as of the first day of the fiscal fourth quarter; however management identified a triggering event requiring an interim impairment assessment of the goodwill within the Canada reporting unit at the end of the third quarter of 2019, which resulted in a goodwill impairment loss of $668.3 million. As disclosed by management, a combination of discounted cash flow analyses and market approaches are used to determine the fair value of each reporting unit. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors. Examples of events or circumstances that could reasonably be expected to negatively affect the underlying key assumptions and ultimately impact the estimated fair value of management's reporting units may include such items as (i) a decrease in expected future cash flows, specifically, a decrease in sales volume and increase in costs that could significantly impact management's immediate and long-range results, (ii) prolonged weakening of economic conditions, or (iii) significant unfavorable changes in tax, environmental or other regulations, including interpretations thereof, terminal growth rates, market multiples and / or weighted average cost of capital utilized in the discounted cash flow analyses.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessments for the Europe and Canada reporting units is a critical audit matter are as follows. There was significant judgment by management when developing the fair value measurements. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing our procedures to evaluate the fair value estimates of the goodwill and the significant assumptions, including the revenue growth rates and terminal growth rate for the Europe reporting unit and the discount rate, revenue growth rates, market multiples and terminal growth rate for the Canada reporting unit. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessments for the Europe and Canada reporting units, including controls over the valuation. These procedures also included, among others (i) testing management's process for determining the fair value of goodwill for the Europe and Canada reporting units, (ii) evaluating the appropriateness of the discounted cash flow analyses and market approaches, (iii) testing the completeness, accuracy, and relevance of underlying data used in the discounted cash flow analyses and market approaches, and (iv) evaluating the significant assumptions used by management including the revenue growth rates and terminal growth rate for the Europe reporting unit and the discount rate, revenue growth rates, market multiples and terminal growth rate for the Canada reporting unit. Evaluating the assumptions related to revenue growth rates involved evaluating whether the assumptions used were reasonable considering (i) the Company's current and past performance, (ii) the consistency with third party industry and economic data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the Company's discounted cash flow analyses and market approaches and the reasonableness of certain significant assumptions, including the terminal growth rate for the Europe reporting unit and the discount rate, market multiples and terminal growth rate for the Canada reporting unit.

Indefinite-Lived Intangible Asset Impairment Assessment for the Coors Light Brand Distribution Rights (Canada)

As described in Notes 1 and 10 to the consolidated financial statements, the Company's balance related to indefinite-lived intangible assets of distribution networks as of December 31, 2019 is $778.8 million, inclusive of the *Coors Light* brand distribution rights in Canada. The carrying value of the indefinite-lived intangible asset is evaluated for impairment at least annually or when an interim triggering event occurs that would indicate that impairment may have taken place. The Company's annual impairment test is performed as of the first day of the fiscal fourth quarter. As disclosed by management, an excess earnings approach is used to determine the fair value of the indefinite-lived intangible asset. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors. Examples of events or circumstances that could reasonably be expected to negatively affect the underlying key assumptions and ultimately impact the estimated fair value of management's indefinite-lived intangible may include items such as (i) a decrease in expected future cash flows, specifically, a decrease in sales volume and increase in costs that could significantly impact management's immediate and long-range results, (ii) prolonged weakening of economic conditions, or (iii) significant unfavorable changes in tax, environmental or other regulations, including interpretations thereof, terminal growth rates, and / or weighted average cost of capital utilized in the discounted cash flow analyses.

The principal considerations for our determination that performing procedures relating to the indefinite-lived intangible asset impairment assessment for the *Coors Light* brand distribution rights in Canada is a critical audit matter are as follows. There was significant judgment by management when developing the fair value measurement. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing our procedures to evaluate the fair value estimate of the indefinite-lived intangible asset and the significant assumptions, including the discount rate and terminal growth rate. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's indefinite-lived intangible asset impairment assessment for the *Coors Light* brand distribution rights in Canada, including controls over the valuation. These procedures also included, among others, (i) testing management's process for determining the fair value of the *Coors Light* brand distribution rights in Canada indefinite-lived intangible asset, (ii) evaluating the appropriateness of the excess earnings approach, (iii) testing the completeness, accuracy, and relevance of underlying data used in the excess earnings approach, and (iv) evaluating the significant assumptions used by management, including the discount rate and terminal growth rate. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the Company's excess earnings approach and the reasonableness of certain significant assumptions, including the discount rate and terminal growth rate.

/s/ PricewaterhouseCoopers LLP
Denver, Colorado
February 12, 2020

We have served as the Company's auditor since 1974.

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN MILLIONS, EXCEPT PER SHARE DATA)

	For the Years Ended		
	December 31, 2019	December 31, 2018	December 31, 2017
Sales	$ 13,009.1	$ 13,338.0	$ 13,471.5
Excise taxes	(2,429.7)	(2,568.4)	(2,468.7)
Net sales	10,579.4	10,769.6	11,002.8
Cost of goods sold	(6,378.2)	(6,584.8)	(6,236.7)
Gross profit	4,201.2	4,184.8	4,766.1
Marketing, general and administrative expenses	(2,728.0)	(2,802.7)	(3,052.0)
Special items, net	(708.8)	249.7	(36.4)
Operating income (loss)	764.4	1,631.8	1,677.7
Other income (expense), net			
Interest expense	(280.9)	(306.2)	(349.3)
Interest income	8.2	8.0	6.0
Other pension and postretirement benefits (costs), net	2.9	38.2	47.4
Other income (expense), net	(14.7)	(12.0)	1.4
Total other income (expense), net	(284.5)	(272.0)	(294.5)
Income (loss) before income taxes	479.9	1,359.8	1,383.2
Income tax benefit (expense)	(233.7)	(225.2)	204.6
Net income (loss)	246.2	1,134.6	1,587.8
Net (income) loss attributable to noncontrolling interests	(4.5)	(18.1)	(22.2)
Net income (loss) attributable to Molson Coors Beverage Company	$ 241.7	$ 1,116.5	$ 1,565.6
Net income (loss) attributable to Molson Coors Beverage Company per share:			
Basic	$ 1.12	$ 5.17	$ 7.27
Diluted	$ 1.11	$ 5.15	$ 7.23
Weighted-average shares outstanding:			
Basic	216.6	216.0	215.4
Dilutive effect of share-based awards	0.3	0.6	1.1
Diluted	216.9	216.6	216.5
Anti-dilutive securities excluded from computation of diluted EPS	1.3	0.8	0.3

See notes to consolidated financial statements.

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(IN MILLIONS)

	For the Years Ended		
	December 31, 2019	December 31, 2018	December 31, 2017
Net income (loss) including noncontrolling interests	$ 246.2	$ 1,134.6	$ 1,587.8
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	177.6	(359.0)	570.7
Reclassification of cumulative translation adjustment to income	—	6.0	—
Unrealized gain (loss) on derivative instruments	(84.2)	10.9	(17.4)
Reclassification of derivative (gain) loss to income	0.5	2.5	1.3
Pension and other postretirement benefit adjustments	(39.8)	43.5	145.7
Amortization of net prior service (benefit) cost and net actuarial (gain) loss to income and settlement	19.7	4.9	3.6
Ownership share of unconsolidated subsidiaries' other comprehensive income (loss)	(10.6)	(0.8)	10.4
Total other comprehensive income (loss), net of tax	63.2	(292.0)	714.3
Comprehensive income (loss)	309.4	842.6	2,302.1
Comprehensive (income) loss attributable to noncontrolling interests	(5.1)	(16.1)	(24.7)
Comprehensive income (loss) attributable to Molson Coors Beverage Company	$ 304.3	$ 826.5	$ 2,277.4

See notes to consolidated financial statements.

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN MILLIONS)

	As of	
	December 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 523.4	$ 1,057.9
Accounts and other receivables:		
Trade, less allowance for doubtful accounts of $12.1 and $14.5, respectively	705.9	736.0
Affiliate receivables	8.9	8.4
Other receivables, less allowance for doubtful accounts of $0.1 and $0.2, respectively	105.5	126.6
Inventories, less allowance for obsolete inventories of $10.8 and $16.2, respectively	615.9	591.8
Other current assets, net	224.8	245.6
Total current assets	2,184.4	2,766.3
Properties, less accumulated depreciation of $3,004.6 and $2,558.8, respectively	4,546.5	4,608.3
Goodwill	7,631.4	8,260.8
Other intangibles, less accumulated amortization of $995.1 and $810.3, respectively	13,656.0	13,776.4
Other assets	841.5	698.0
Total assets	$ 28,859.8	$ 30,109.8
Liabilities and equity		
Current liabilities:		
Accounts payable and other current liabilities (includes affiliate payables of $0.0 and $0.1, respectively)	$ 2,767.3	$ 2,706.4
Current portion of long-term debt and short-term borrowings	928.2	1,594.5
Total current liabilities	3,695.5	4,300.9
Long-term debt	8,109.5	8,893.8
Pension and postretirement benefits	716.6	726.6
Deferred tax liabilities	2,258.6	2,128.9
Other liabilities	406.5	323.8
Total liabilities	15,186.7	16,374.0
Commitments and contingencies (Note 18)		
Molson Coors Beverage Company stockholders' equity		
Capital stock:		
Preferred stock, $0.01 par value (authorized: 25.0 shares; none issued)	—	—
Class A common stock, $0.01 par value per share (authorized: 500.0 shares; issued and outstanding: 2.6 shares and 2.6 shares, respectively)	—	—
Class B common stock, $0.01 par value per share (authorized: 500.0 shares; issued: 205.7 shares and 205.4 shares, respectively)	2.1	2.0
Class A exchangeable shares, no par value (issued and outstanding: 2.7 shares and 2.8 shares, respectively)	102.5	103.2
Class B exchangeable shares, no par value (issued and outstanding: 14.8 shares and 14.8 shares, respectively)	557.8	557.6
Paid-in capital	6,773.6	6,773.1
Retained earnings	7,617.0	7,692.9
Accumulated other comprehensive income (loss)	(1,162.2)	(1,150.0)
Class B common stock held in treasury at cost (9.5 shares and 9.5 shares, respectively)	(471.4)	(471.4)
Total Molson Coors Beverage Company stockholders' equity	13,419.4	13,507.4
Noncontrolling interests	253.7	228.4
Total equity	13,673.1	13,735.8
Total liabilities and equity	$ 28,859.8	$ 30,109.8

See notes to consolidated financial statements.

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN MILLIONS)

	For the Years Ended		
	December 31, 2019	December 31, 2018	December 31, 2017
Cash flows from operating activities:			
Net income (loss) including noncontrolling interests	$ 246.2	$ 1,134.6	$ 1,587.8
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	859.0	857.5	812.8
Amortization of debt issuance costs and discounts	13.6	12.7	23.2
Share-based compensation	8.5	42.6	58.3
(Gain) loss on sale or impairment of properties and other assets, net	614.7	(8.1)	(0.4)
Unrealized (gain) loss on foreign currency fluctuations and derivative instruments, net	18.9	193.1	(124.3)
Income tax (benefit) expense	233.7	225.2	(204.6)
Income tax (paid) received	(57.0)	32.3	86.0
Interest expense, excluding interest amortization	272.4	304.2	338.8
Interest paid	(285.0)	(308.7)	(350.3)
Pension expense (benefit)	(10.1)	(57.2)	(67.8)
Pension contributions paid	(5.1)	(8.9)	(310.0)
Change in current assets and liabilities (net of impact of business combinations) and other:			
Receivables	38.5	(38.4)	(7.2)
Inventories	(17.7)	(10.6)	21.3
Payables and other current liabilities	(53.0)	27.6	31.0
Other assets and other liabilities	19.7	(66.6)	(28.3)
Net cash provided by operating activities	1,897.3	2,331.3	1,866.3
Cash flows from investing activities:			
Additions to properties	(593.8)	(651.7)	(599.6)
Proceeds from sales of properties and other assets	115.9	32.5	60.5
Other	44.6	(49.9)	0.9
Net cash used in investing activities	(433.3)	(669.1)	(538.2)

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(IN MILLIONS)

	For the Years Ended		
	December 31, 2019	December 31, 2018	December 31, 2017
Cash flows from financing activities:			
Exercise of stock options under equity compensation plans	1.6	16.0	4.0
Dividends paid	(424.4)	(354.2)	(353.4)
Payments on debt and borrowings	(1,586.2)	(319.8)	(3,000.1)
Proceeds on debt and borrowings	3.0	—	1,536.0
Net proceeds from (payments on) revolving credit facilities and commercial paper	(4.7)	(374.3)	374.3
Other	3.7	23.4	(57.2)
Net cash provided by (used in) financing activities	(2,007.0)	(1,008.9)	(1,496.4)
Cash and cash equivalents:			
Net increase (decrease) in cash and cash equivalents	(543.0)	653.3	(168.3)
Effect of foreign exchange rate changes on cash and cash equivalents	8.5	(14.0)	26.0
Balance at beginning of year	1,057.9	418.6	560.9
Balance at end of year	$ 523.4	$ 1,057.9	$ 418.6

See notes to consolidated financial statements. See Note 1, "Basis of Presentation and Summary of Significant Accounting Policies" for supplementary cash flow data.

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
AND NONCONTROLLING INTERESTS
(IN MILLIONS)

		MCBC Stockholders' Equity								
		Common stock issued		Exchangeable shares issued						
	Total	Class A	Class B	Class A	Class B	Paid-in-capital	Retained earnings	Accumulated other comprehensive income (loss)	Common Stock held in treasury Class B	Non controlling interests
Balance as of December 31, 2016	$ 11,222.6	$ —	$ 2.0	$ 108.1	$ 571.2	$ 6,635.3	$ 5,746.2	$ (1,571.8)	$ (471.4)	$ 203.0
Exchange of shares	—	—	—	(0.4)	(18.0)	18.4	—	—	—	—
Shares issued under equity compensation plan	(22.9)	—	—	—	—	(22.9)	—	—	—	—
Amortization of share-based compensation	57.3	—	—	—	—	57.3	—	—	—	—
Acquisition of business and purchase of noncontrolling interest	1.8	—	—	—	—	0.4	—	—	—	1.4
Net income (loss) including noncontrolling interests	1,587.8	—	—	—	—	—	1,565.6	—	—	22.2
Other comprehensive income (loss), net of tax	714.3	—	—	—	—	—	—	711.8	—	2.5
Distributions and dividends to noncontrolling interests	(20.2)	—	—	—	—	—	—	—	—	(20.2)
Dividends declared and paid - $1.64 per share	(353.4)	—	—	—	—	—	(353.4)	—	—	—
Balance as of December 31, 2017	$ 13,187.3	$ —	$ 2.0	$ 107.7	$ 553.2	$ 6,688.5	$ 6,958.4	$ (860.0)	$ (471.4)	$ 208.9
Exchange of shares	—	—	—	(4.5)	4.4	0.1	—	—	—	—
Shares issued under equity compensation plan	2.8	—	—	—	—	2.8	—	—	—	—
Amortization of share-based compensation	42.2	—	—	—	—	42.2	—	—	—	—
Formation of consolidated joint venture	44.3	—	—	—	—	39.4	—	—	—	4.9
Purchase of noncontrolling interest	(0.2)	—	—	—	—	0.1	—	—	—	(0.3)
Net income (loss) including noncontrolling interests	1,134.6	—	—	—	—	—	1,116.5	—	—	18.1

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
AND NONCONTROLLING INTERESTS (Continued)
(IN MILLIONS)

		MCBC Stockholders' Equity								
		Common stock issued		Exchangeable shares issued		Paid-in-	Retained	Accumulated other comprehensive	Common Stock held in treasury	Non controlling
	Total	Class A	Class B	Class A	Class B	capital	earnings	income (loss)	Class B	interests
Other comprehensive income (loss), net of tax	(292.0)	—	—	—	—	—	—	(290.0)	—	(2.0)
Adoption of revenue recognition accounting standard	(27.8)	—	—	—	—	—	(27.8)	—	—	—
Contributions from noncontrolling interests	21.6	—	—	—	—	—	—	—	—	21.6
Distributions and dividends to noncontrolling interests	(22.8)	—	—	—	—	—	—	—	—	(22.8)
Dividends declared and paid - $1.64 per share	(354.2)	—	—	—	—	—	(354.2)	—	—	—
Balance as of December 31, 2018	$ 13,735.8	$ —	$ 2.0	$ 103.2	$ 557.6	$ 6,773.1	$ 7,692.9	$ (1,150.0)	$ (471.4)	$ 228.4
Exchange of shares	—	—	—	(0.7)	0.2	0.5	—	—	—	—
Shares issued under equity compensation plan	(8.3)	—	0.1	—	—	(8.4)	—	—	—	—
Amortization of share-based compensation	8.3	—	—	—	—	8.3	—	—	—	—
Acquisition of business and purchase of noncontrolling interest	0.6	—	—	—	—	0.1	—	—	—	0.5
Deconsolidation of VIE	(1.7)	—	—	—	—	—	—	—	—	(1.7)
Net income (loss) including noncontrolling interests	246.2	—	—	—	—	—	241.7	—	—	4.5
Other comprehensive income (loss), net of tax	63.2	—	—	—	—	—	—	62.6	—	0.6
Adoption of lease accounting standard (Note 2)	32.0	—	—	—	—	—	32.0	—	—	—
Reclassification of stranded tax effects (Note 2)	—	—	—	—	—	—	74.8	(74.8)	—	—
Contributions from noncontrolling interests	34.1	—	—	—	—	—	—	—	—	34.1
Distributions and dividends to noncontrolling interests	(12.7)	—	—	—	—	—	—	—	—	(12.7)
Dividends declared and paid - $1.96 per share	(424.4)	—	—	—	—	—	(424.4)	—	—	—
Balance as of December 31, 2019	$ 13,673.1	$ —	$ 2.1	$ 102.5	$ 557.8	$ 6,773.6	$ 7,617.0	$ (1,162.2)	$ (471.4)	$ 253.7

See notes to consolidated financial statements.

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Summary of Significant Accounting Policies

Unless otherwise noted in this report, any description of "we", "us" or "our" includes Molson Coors Beverage Company ("MCBC" or the "Company")(formerly known as Molson Coors Brewing Company), principally a holding company, and its operating and non-operating subsidiaries included within our reporting segments and Corporate. At December 31, 2019, our reporting segments included: MillerCoors LLC ("MillerCoors" or U.S. segment), operating in the U.S.; Molson Coors Canada ("MCC" or Canada segment), operating in Canada; Molson Coors Europe (Europe segment), operating in Bulgaria, Croatia, Czech Republic, Hungary, Montenegro, the Republic of Ireland, Romania, Serbia, the U.K. and various other European countries; and Molson Coors International ("MCI" or International segment), operating in various other countries. As further discussed below, in January 2020, we changed our management structure to two business units, our North America and Europe businesses. Accordingly, the segment reporting implications will not be reflected until the first quarter of 2020.

Unless otherwise indicated, comparisons are to comparable prior periods, and 2019, 2018 and 2017 refers to the 12 months ended December 31, 2019, December 31, 2018, and December 31, 2017, respectively.

Our consolidated financial statements and related disclosures reflect new accounting pronouncements adopted during the year as discussed in Note 2, "New Accounting Pronouncements."

Unless otherwise indicated, information in this report is presented in USD and comparisons are to comparable prior periods. Our primary operating currencies, other than USD, include the CAD, the GBP, and our Central European operating currencies such as the EUR, CZK, HRK and RSD.

Certain amounts within our consolidated statement of comprehensive income (loss) for the year ended December 31, 2017 have been adjusted to reflect presentational reclassifications. See Note 14, "Accumulated Other Comprehensive Income (Loss)" for further details.

Revitalization Plan

On October 28, 2019, we initiated a revitalization plan designed to allow us to invest across our portfolio to drive long-term, sustainable success. As part of our revitalization plan, we made the determination to establish Chicago, Illinois as our North American operational headquarters, close our existing office in Denver, Colorado and consolidate certain administrative functions into our other existing office locations. In connection with these consolidation activities, effective January 1, 2020, we changed our management structure to two business units, our North America and Europe businesses. We began to incur charges related to these restructuring activities during the fourth quarter of 2019; however, the segment financial reporting implications will not be reflected until the first quarter of 2020.

We also changed our name from Molson Coors Brewing Company to Molson Coors Beverage Company in January 2020 in order to better reflect our strategic intent to expand beyond beer and into other growth adjacencies in the beverage industry. See Note 3, "Segment Reporting," and Note 7, "Special Items" for further discussion of the impacts of this plan.

Principles of Consolidation

Our consolidated financial statements include our accounts and our majority-owned and controlled domestic and foreign subsidiaries, as well as certain VIEs for which we are the primary beneficiary. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

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

Revenue Recognition

We account for revenue in accordance with Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers, which we adopted on January 1, 2018 using the modified retrospective transition approach. The adoption of this guidance in 2018 did not have a significant impact to our core revenue generating activities. However, it did result in the reclassification of certain cash payments to customers from marketing, general and administrative expenses to a reduction of revenue. This classification change resulted in a reduction of revenue and marketing, general and administrative expenses by approximately $60 million during 2018 versus 2017, which is presented under historical U.S. GAAP, primarily within our Canada segment. The adoption of this guidance also resulted in a change in the timing of recognition of certain promotional discounts and cash payments to customers, which shifted financial statement recognition primarily amongst quarters, however, the full-year impact was not significant to our financial results.

Our net sales represent the sale of beer, malt beverages and other adjacencies, net of excise tax. Sales are stated net of incentives, discounts and returns. Sales of products are for cash or otherwise agreed upon credit terms. Our payment terms vary by location and customer, however, the time period between when revenue is recognized and when payment is due is not significant. Our revenue generating activities have a single performance obligation and are recognized at the point in time when control transfers and our obligation has been fulfilled, which is when the related goods are shipped or delivered to the customer, depending upon the method of distribution and shipping terms. Where our products are sold under consignment arrangements, revenue is not recognized until control has transferred, which is when the product is sold to the end customer. Revenue is measured as the amount of consideration we expect to receive in exchange for the sale of our product. The cost of various programs, such as price promotions, rebates and coupons are treated as a reduction of sales. In certain of our markets, we make cash payments to customers such as slotting or listing fees, or payments for other marketing or promotional activities. These cash payments are recorded as a reduction of revenue unless we receive a distinct good or service as defined under ASC 606. Specifically, a good or service is considered distinct when it is separately identifiable from other promises in the contract, we receive a benefit from the good or service, and the benefit is separable from the sale of our product to the customer.

Certain payments made to customers are conditional on the achievement of volume targets, marketing commitments, or both. If paid in advance, we record such payments as prepayments and amortize them over the relevant period to which the customer commitment is made (generally up to five years). When the payment is not for a distinct good or service, or fair value cannot be reasonably estimated, the amortization of the prepayment or the cost as incurred is recorded as a reduction of revenue. Where a distinct good or service is received and fair value can be reasonably estimated, the cost is included as marketing, general and administrative expenses. The amounts deferred are reassessed regularly for recoverability over the contract period and are impaired where there is objective evidence that the benefits will not be realized or the asset is otherwise not recoverable. Separately, as discussed below, we analyze whether these advance payments contain a significant financing component for potential adjustment to the transaction price.

Our primary revenue generating activity represents the sale of beer and other malt beverages to customers, including both domestic and exported product sales. Our customer could be a distributor, retail or on-premise outlet, depending on the market. The majority of our revenues are generated from brands that we own and brew ourselves, however, we also import or brew and sell certain non-owned partner brands under licensing and related arrangements. In addition, primarily in the U.K., as well as certain other countries in our Europe segment, we sell other beverage companies' products to on-premise customers to provide them with a full range of products for their retail outlets. We refer to this as the "factored brand business." Sales from this business are included in our net sales and cost of goods sold when ultimately sold. In the factored brand business, we normally purchase inventory, which includes excise taxes charged by the vendor, take orders from customers for such brands, negotiate with the customers on pricing and invoice customers for the product and related costs of delivery. In addition, we incur the risk of loss at times we are in possession of the inventory and for the receivables due from the customers. Revenues for owned brands, partner and imported brands, as well as factored brands are recognized at the point in time when control is transferred to the customer as discussed above.

Other Revenue Generating Activities

We contract manufacture for other brewers in some of our markets. These contractual agreements require us to brew, package and ship certain brands to these brewers, who then sell the products to their own customers in their respective markets. Revenues under contract brewing arrangements are recognized when our obligation related to the finished product is fulfilled and control of the product transfers to these other brewers.

We also have licensing agreements with third party partners who brew and distribute our products in various markets across our segments. Under these agreements, we are compensated based on the amount of products sold by our partners in these markets at an agreed upon royalty rate or profit percentage. We apply the sales-based royalty practical expedient to these licensing arrangements and recognize revenue as product is sold by our partners at the agreed upon rate.

We have evaluated these other revenue generating activities under the disaggregation disclosure criteria outlined within the guidance and concluded that these other revenue generating activities are immaterial for separate disclosure. See Note 3, "Segment Reporting," for disclosure of revenues by geographic segment.

Variable Consideration

Our revenue generating activities include variable consideration which is recorded as a reduction of the transaction price based upon expected amounts at the time revenue for the corresponding product sale is recognized. For example, customer promotional discount programs are entered into with certain distributors for certain periods of time. The amount ultimately reimbursed to distributors is determined based upon agreed-upon promotional discounts which are applied to distributors' sales to retailers. Other common forms of variable consideration include volume rebates for meeting established sales targets, and coupons and mail-in rebates offered to the end consumer. The determination of the reduction of the transaction price for variable consideration requires that we make certain estimates and assumptions that affect the timing and amounts of revenue and liabilities recorded. We estimate this variable consideration, including analyzing for a potential constraint on variable consideration, by taking into account factors such as the nature of the promotional activity, historical information and current trends, availability of actual results, and expectations of customer and consumer behavior.

We do not have standard terms that permit return of product; however, in certain markets where returns occur we estimate the amount of returns as variable consideration based on historical return experience and adjust our revenue accordingly. Products that do not meet our high quality standards are returned by the customer or recalled and destroyed and are recorded as a reduction of revenue. The reversal of revenue is recorded upon determination that the product will be recalled and destroyed. We estimate the costs required to facilitate product returns and record them in cost of goods sold as required.

During the twelve months ended December 31, 2019 and December 31, 2018, adjustments to revenue from performance obligations satisfied in the prior period due to changes in estimates in variable consideration were immaterial.

Significant Financing Component and Costs to Obtain Contracts

In certain of our businesses where such practices are legally permitted, we make loans or advanced payments to retail outlets that sell our brands. For arrangements that do not span greater than one year, we apply the practical expedient available under ASC 606 and do not adjust the transaction price for the effects of a potential significant financing component. We further analyze arrangements that span greater than one year on an ongoing basis to determine whether a significant financing component exists. No such arrangements existed during the twelve months ended December 31, 2019 or December 31, 2018.

Advance payments to customers, where legally permitted, are deferred and amortized as a reduction to revenue over the expected period of benefit and tested for recoverability as appropriate. All other costs to obtain and fulfill contracts are expensed as incurred based on the nature, significance and expected benefit of these costs relative to the contract.

Contract Assets and Liabilities

We continually evaluate whether our revenue generating activities and advanced payment arrangements with customers result in the recognition of contract assets or liabilities. No such assets or liabilities existed as of December 31, 2019 or December 31, 2018. Separately, trade accounts receivable, including affiliate receivables, approximates receivables from contracts with customers.

Shipping and Handling

Freight costs billed to customers for shipping and handling are recorded as revenue. Shipping and handling expense related to costs incurred to deliver product are recognized within cost of goods sold. We account for shipping and handling activities that occur after control has transferred as a fulfillment cost as opposed to a separate performance obligation, and the costs of shipping and handling are recognized concurrently with the related revenue.

Excise Taxes

Excise taxes remitted to tax authorities are government-imposed excise taxes on beer. Excise taxes are shown in a separate line item in the consolidated statements of operations as a reduction of sales. Excise taxes are recognized as a current liability within accounts payable and other current liabilities on the consolidated balance sheets, with the liability subsequently reduced when the taxes are remitted to the tax authority.

Cost of Goods Sold

Our cost of goods sold includes costs we incur to make and ship beer and other malt beverages. These costs include brewing materials, such as barley, hops and various grains. Packaging materials, such as glass bottles, aluminum cans, cardboard and paperboard are also included in our cost of goods sold. Additionally, our cost of goods sold include both direct and indirect labor, shipping and handling including freight costs, utilities, maintenance costs, warehousing costs, purchasing and receiving costs, depreciation, promotional packaging, other manufacturing overheads and costs to purchase factored and other non-owned brands from suppliers, as well as the estimated cost to facilitate product returns.

Marketing, General and Administrative Expenses

Our marketing, general and administrative expenses include media advertising (television, radio, digital, print), tactical advertising (signs, banners, point-of-sale materials) and promotion costs on both local and national levels within our operating segments. The creative portion of our advertising activities is expensed as incurred. Production costs of advertising and promotional materials are expensed when the advertising is first run. Marketing, general and administrative expenses also include integration costs of $25.0 million, $38.8 million and $70.6 million for 2019, 2018 and 2017, respectively.

This classification also includes general and administrative costs for functions such as finance, legal, human resources and information technology, along with integration costs as noted above. These costs primarily consist of labor and outside services, as well as bad debt expense related to our allowance for doubtful accounts. Unless capitalization is allowed or required by U.S. GAAP, legal costs are expensed when incurred. These costs also include our marketing and sales organizations, including labor and other overheads. This line item additionally includes amortization costs associated with intangible assets, as well as certain depreciation costs related to non-production equipment and share-based compensation.

Share-based compensation is recognized using a straight-line method over the vesting period of the awards. We include estimated forfeitures expected to occur when calculating share-based compensation expense. Our share-based compensation plan and the awards within it contain provisions that accelerate vesting of awards upon change in control, retirement, disability or death of eligible employees and directors. Our share-based awards are considered vested when the employee's retention of the award is no longer contingent on providing service, which for certain awards can result in immediate recognition for awards granted to retirement-eligible individuals or accelerated recognition for awards granted to individuals that will become retirement eligible within the stated vesting period. Also, if less than the stated vesting period, we recognize these costs over the period from the grant date to the date retirement eligibility is achieved.

Special Items

Our special items represent charges incurred or benefits realized that either we do not believe to be indicative of our core operations, or we believe are significant to our current operating results warranting separate classification; specifically, such items are considered to be one of the following:

- infrequent or unusual items,
- impairment or asset abandonment-related losses,
- restructuring charges and other atypical employee-related costs, or
- fees on termination of significant operating agreements and gains (losses) on disposal of investments.

The items classified as special items are not necessarily non-recurring, however, they are deemed to be incremental to income earned or costs incurred by the company in conducting normal operations, and therefore are presented separately from other components of operating income.

Interest Expense, net

Our interest costs are associated with borrowings to finance our operations and acquisitions. Interest earned on our cash and cash equivalents across our business is recorded as interest income. Changes in estimates (if any) to mandatorily redeemable noncontrolling interest liabilities, which are presented within accounts payable and other current liabilities on the consolidated balance sheet, are also recognized within interest expense.

We capitalize interest cost as a part of the original cost of acquiring certain fixed assets if the cost of the capital expenditure and the expected time to complete the project are considered significant.

Other Income (Expense)

Our other income (expense) classification primarily includes gains and losses associated with activities not directly related to our operations. For instance, aggregate unrealized and realized foreign exchange gains and losses resulting from remeasurement and settlement of foreign-denominated monetary assets and liabilities, as well as certain gains or losses on sales of non-operating assets and the mark-to-market activity associated with warrants are classified in this line item. These gains and losses are reported in the operating segment in which they occur; however, foreign exchange gains and losses on intercompany balances related to financing and other treasury-related activities are reported within the Corporate segment. The initial recording of foreign-denominated transactions are classified based on the nature of the transaction, with the unrealized or realized foreign exchange gains or losses resulting from the subsequent remeasurement of the monetary asset or liability, and its ultimate settlement, classified in other income (expense).

Income Taxes

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of our assets, liabilities, and certain unrecognized gains and losses recorded in accumulated other comprehensive income (loss). We apply the intraperiod tax allocation rules to allocate our provision for income taxes between continuing operations and other categories of earnings, such as other comprehensive income (loss), when we meet the criteria prescribed by U.S. GAAP.

We annually distribute cash from our foreign subsidiaries' current year earnings and record the tax impacts associated with these transactions. Any current earnings not otherwise distributed or planned to be distributed in the current year are considered permanently reinvested in our foreign operations. The aggregate of these earnings is currently a deficit for U.S. tax purposes and would not result in any material taxes, if distributed. We have no plans to dispose of foreign subsidiaries and would not expect outside basis differences in foreign subsidiaries to reverse with material tax consequences.

The tax benefit from an uncertain tax position is recognized only if it is more likely than not that the tax position will be sustained based on its technical merits. We measure and record the tax benefits from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Interest, penalties and offsetting positions related to unrecognized tax benefits are recognized as a component of income tax expense. We record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized.

We account for the tax effects of global intangible low-taxed income ("GILTI") as a component of income tax expense in the period the tax arises, to the extent applicable.

Other Comprehensive Income (Loss)

OCI represents income and losses for the reporting period, including the related tax impacts, which are excluded from net income (loss) and recognized directly within AOCI as a component of equity. OCI also includes amounts reclassified to income during the reporting period that were previously recognized within AOCI. Amounts remaining within AOCI are expected to be reclassified out of AOCI in the future, at which point they will be recognized within the consolidated statement of operations as a component of net income (loss). We recognize OCI related to the translation of assets and liabilities of our foreign subsidiaries which are denominated in currencies other than USD, unrealized gains and losses on the effective portion of our derivatives designated in cash flow and net investment hedging relationships, actuarial gains and losses and prior service costs related to our pension and other post-retirement benefit plans, as well as our proportionate share of our equity method investments' OCI. Additionally, when we do not have the expectation or intent to cash settle certain of our intercompany note receivable and note payable positions in the foreseeable future, the remeasurement of these instruments is recorded as a component of foreign currency translation adjustments within OCI. We release stranded tax effects from AOCI using either a specific identification approach or portfolio approach based on the nature of the underlying item.

Earnings Per Share

Basic EPS was computed using the weighted-average number of shares of common stock outstanding during the period. Diluted EPS includes the additional dilutive effect of our potentially dilutive securities, which include RSUs, DSUs, PSUs, and stock options. The dilutive effects of our potentially dilutive securities are calculated using the treasury stock method. Our calculation of weighted-average shares includes Class A common stock and Class B common stock, and Class A exchangeable shares and Class B exchangeable shares. All classes of stock have in effect the same dividend rights and share equitably in undistributed earnings. Holders of Class A common stock receive dividends only to the extent dividends are declared and paid to holders of Class B common stock. See Note 8, "Stockholders' Equity" for further discussion of the Class A common stock and Class B common stock and Class A exchangeable shares and Class B exchangeable shares. We have no unvested outstanding equity share awards that contain non-forfeitable rights to dividends.

Cash and Cash Equivalents

Cash consists of cash on hand and bank deposits. Cash equivalents represent highly liquid investments with original maturities of three months or less. Our cash deposits are maintained with multiple, reputable financial institutions.

Non-cash activity includes non-cash issuances of share-based awards, as well as non-cash investing activities related to movements in our guarantee of indebtedness of certain equity method investments. We also had other non-cash activities primarily related to capital expenditures incurred but not yet paid of $214.9 million, $221.0 million and $231.7 million during 2019, 2018 and 2017, respectively. Additionally, the initial recognition of the warrants discussed in Note 16, "Derivative Instruments and Hedging Activities" represents a non-cash financing activity in 2018, and during 2017, we also had non-cash activities related to the acquisition of a business.

Other than the activity mentioned above and the supplemental non-cash activity related to the recognition of leases discussed in Note 19, "Leases," there was no other significant non-cash activity in 2019, 2018 and 2017. See Note 4, "Investments," Note 13, "Share-Based Payments," Note 16, "Derivative Instruments and Hedging Activities" and Note 19, "Leases" for further discussion.

Accounts Receivable and Notes Receivable

We record accounts and notes receivable at net realizable value. This carrying value includes an appropriate allowance for estimated uncollectible amounts to reflect any loss anticipated on the accounts and notes receivable balances. We calculate this allowance based on our country-specific history of write-offs, level of past-due accounts based on the contractual terms of the receivables and our relationships with and the economic status of our customers, which may be impacted by current macroeconomic and regulatory factors specific to the country of origin.

In the U.K., loans are extended to a portion of the retail outlets that sell our brands. We establish an allowance through a provision for loan losses charged against earnings and recorded in marketing, general and administrative expenses. Loan balances that are written off are recorded against the allowance as a write-off. Activity within the allowance for credit losses was immaterial for fiscal years 2019, 2018 and 2017.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out ("FIFO") method. We regularly assess the shelf-life of our inventories and reserve for those inventories when it becomes apparent the product will not be sold within our freshness specifications.

Other current assets

Other current assets include prepaid assets, maintenance and operating supplies, promotion materials and derivative assets that are expected to be recognized or realized within the next 12 months. Maintenance and operating supplies include our inventories of spare parts, which are kept on hand for repairs and maintenance of machinery and equipment. The majority of spare parts within our business include motors, fillers and other components that are required to maintain a normal level of production in the event that expected maintenance and/or repairs are required. These parts are inventoried within current assets as they are reasonably expected to be used during the normal operating cycle of the business and are reserved for excess and obsolescence, as appropriate. The allowance for obsolete supplies was $11.4 million and $9.2 million as of December 31, 2019, and December 31, 2018, respectively.

Properties

Properties are stated at original cost less accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which are reviewed periodically and have the following ranges: buildings and improvements: 20-40 years; machinery and equipment: 3-25 years; furniture and fixtures: 3-10 years; returnable containers: 2-15 years; and software: 3-5 years. Land is not depreciated, and construction in progress is not depreciated until ready for service. Costs of enhancements or modifications that substantially extend the capacity or useful life of an asset are capitalized and depreciated accordingly. Ordinary repairs and maintenance are expensed as incurred. When property is sold or otherwise disposed of, the cost and accumulated depreciation are removed from our consolidated balance sheets and the resulting gain or loss, if any, is reflected in our consolidated statements of operations. Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset (or asset group) may not be recoverable.

Returnable containers are recorded at acquisition cost and consist of returnable bottles, kegs, pallets and crates that are both in our direct control within our breweries, warehouses and distribution facilities and those that we indirectly control in the market through our agreements with our customers and other brewers and for which a deposit is received. The deposits received on our returnable containers in the market are recorded as deposit liabilities, included as current liabilities within accounts payable and other current liabilities in the consolidated balance sheets. We estimate that the loss, breakage and deterioration of our returnable containers is comparable to the depreciation calculated on an estimated useful life of up to 4 years for bottles, 5 years for pallets, 7 years for crates, and 15 years for returnable kegs. We also own and maintain other equipment in the market related to delivery of our products to end consumers, for example on-premise dispense equipment and refrigeration units. This equipment is recorded at acquisition cost and depreciated over lives of up to 7 years, depending on the market, reflecting the use of the equipment, as well as the loss and deterioration of the asset.

The costs of acquiring or developing internal-use computer software, including directly-related payroll costs for internal resources, are capitalized and classified within properties. Software maintenance and training costs are expensed in the period incurred. Implementation costs incurred in hosting arrangements that are service contracts are currently capitalized within properties. See Note 2, "New Accounting Pronouncements" for further discussion of the changes to the accounting for implementation costs incurred in a hosting arrangement that became effective January 1, 2020.

Properties held under finance lease (previously known as capital) are depreciated using the straight-line method over the estimated useful life or the lease term, whichever is shorter, and the related depreciation is included in depreciation expense. Finance lease assets for which ownership is transferred at the end of the lease, or there is a purchase option that we are reasonably certain to exercise, are amortized over the useful life that would be assigned if the asset were owned.

Goodwill and Other Intangible Assets

Goodwill is allocated to the reporting unit in which the business that created the goodwill resides. A reporting unit is an operating segment, or a business unit one level below that operating segment, for which discrete financial information is prepared and regularly reviewed by segment management. As of the date of completion of our 2019 impairment testing, the operations in each of the specific regions within our U.S., Canada, Europe and International segments are considered components based on the availability of discrete financial information and the regular review by segment management. We have concluded that the components within the U.S., Canada and Europe segments each meet the criteria as having similar economic characteristics and therefore have aggregated these components into the U.S., Canada and Europe reporting units, respectively. Additionally, we determined that the components within our International segment do not meet the criteria for aggregation with the exception of the operations of our India businesses, which constitute a separate reporting unit. As the changes in management structure resulting from the revitalization plan discussed above were not effective until January 1, 2020, potential changes to our reporting unit conclusions, if any, have not yet been evaluated and concluded.

As required, we evaluate the carrying value of our goodwill and indefinite-lived intangible assets for impairment at the reporting unit level at least annually or when an interim triggering event occurs that would indicate that impairment may have taken place. Our annual test is performed as of the first day of our fiscal fourth quarter. We continuously monitor the performance of our other definite-lived intangible assets and evaluate for impairment when evidence exists that certain events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Significant judgments and assumptions are required in such impairment evaluations. Definite-lived intangible assets are stated at cost less accumulated amortization. Amortization is recorded using the straight-line method over the estimated lives of the assets as this approximates the pattern in which the assets economic benefits are consumed.

Equity Method Investments

We apply the equity method of accounting to 20% to 50% owned investments where we exercise significant influence or VIEs for which we are not the primary beneficiary. We use the cumulative earnings approach for determining cash flow presentation of cash distributions received from equity method investees. Distributions received are included in our consolidated statements of cash flows as operating activities, unless the cumulative distributions exceed our portion of the cumulative equity in the net earnings of the equity method investment, in which case the excess distributions are deemed to be returns of the investment and are classified as investing activities in our consolidated statements of cash flows. See Note 4, "Investments" for further information regarding our equity method investments.

There are no related parties that own interests in our equity method investments as of December 31, 2019.

Derivative Hedging Instruments

We use derivatives as part of our normal business operations to manage our exposure to fluctuations in interest rates, foreign currency exchange, commodity prices, production and packaging material costs and for other strategic purposes related to our core business. We enter into derivatives for risk management purposes only, including derivatives designated in hedge accounting relationships as well as those derivatives utilized as economic hedges. We do not enter into derivatives for trading or speculative purposes. We recognize our derivatives on the consolidated balance sheets as assets or liabilities at fair value and are classified in either current or non-current assets or liabilities based on each contract's respective unrealized gain or loss position and each contract's respective maturity. Our policy is to present all derivative balances on a gross basis, without regard to counterparty master netting agreements or similar arrangements. Further, our current derivative agreements do not allow us to net positions with the same counterparty and therefore, we present our derivative positions gross in our consolidated balance sheets.

Changes in fair values of outstanding cash flow and net investment hedges are recorded in OCI, until earnings are affected by the variability of cash flows of the underlying hedged item or the sale of the underlying net investment, respectively. Effective cash flow hedges offset the gains or losses recognized on the underlying exposure in the consolidated statements of operations, or for net investment hedges, the foreign exchange translation gain or loss recognized in AOCI. Changes in fair value of outstanding fair value hedges and the offsetting changes in fair value of the hedged item are recognized in earnings.

Changes in fair value of the derivative attributable to components allowed to be excluded from the assessment of hedge effectiveness are deferred in AOCI and recognized in earnings over the life of the hedge.

We record realized gains and losses from derivative instruments in the same financial statement line item as the hedged item/forecasted transaction. Changes in unrealized gains and losses for derivatives not designated in a hedge accounting relationship are recorded directly in earnings each period and are also recorded in the same financial statement line item as the hedged item/forecasted transaction. Cash flows from the settlement of derivatives, including both economic hedges and those designated in hedge accounting relationships, appear in the consolidated statements of cash flows in the same categories as the cash flows of the hedged item.

In accordance with authoritative accounting guidance, we do not record the fair value of derivatives for which we have elected the Normal Purchase Normal Sale ("NPNS") exemption. We account for these contracts on an accrual basis, recording realized settlements related to these contracts in the same financial statement line items as the corresponding transaction.

Leases

We account for leases in accordance with Accounting Standards Codification (“ASC”) Topic 842, Leases, which we adopted on January 1, 2019, electing not to adjust comparative periods presented and applying a modified retrospective transition approach as of the effective date of adoption (see Note 2, "New Accounting Pronouncements" for impacts of adoption).

We enter into contractual arrangements for the utilization of certain non-owned assets, primarily real estate and equipment, which are evaluated as finance or operating leases upon commencement, and are accounted for accordingly. Specifically, under ASC 842, a contract is or contains a lease when, (1) the contract contains an explicitly or implicitly identified asset and (2) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract in exchange for consideration. We assess whether an arrangement is or contains a lease at inception of the contract. For all contractual arrangements deemed to be leases (other than short-term leases), as of the lease commencement date, we recognize on the consolidated balance sheet a liability for our obligation related to the lease and a corresponding asset representing our right to use the underlying asset over the period of use.

For leases that qualify as short-term leases, we have elected, for all classes of underlying assets, to not apply the balance sheet recognition requirements of ASC 842, and instead, we recognize the lease payments in the consolidated statements of operations on a straight-line basis over the lease term. We have also made the election, for our existing real estate and equipment classes of underlying assets, to account for lease and non-lease components as a single lease component.

Our leases have remaining lease terms of up to approximately 19 years. Certain of our lease agreements contain options to extend or early terminate the agreement. The lease term used to calculate the right-of-use asset and lease liability at commencement includes the impacts of options to extend or terminate the lease when it is reasonably certain that we will exercise that option. When determining whether it is reasonably certain that we will exercise an option at commencement, we consider various existing economic factors, including real estate strategies, the nature, length, and terms of the agreement, as well as the uncertainty of the condition of leased equipment at the end of the lease term. Based on these determinations, we generally conclude that the exercise of renewal options would not be reasonably certain in determining the lease term at commencement. Assumptions made at the commencement date are re-evaluated upon occurrence of certain events requiring a lease modification. Additionally, for certain equipment leases involving groups of similar leased assets with similar lease terms, we apply a portfolio approach to effectively account for the operating lease right-of-use assets and liabilities.

The discount rate used to calculate the present value of the future minimum lease payments is the rate implicit in the lease, when readily determinable. As the rate implicit in the lease is rarely readily determinable, we use our incremental borrowing rate relative to the leased asset.

Certain of our leases include variable lease payments, primarily for items such as property taxes, insurance, maintenance, and other operating expenses associated with leased assets. These variable payments are excluded from the measurement of our lease assets and liabilities, and are recognized in the period in which the obligation for those payments is incurred. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Lease-related expense is recorded within either cost of goods sold or marketing, general and administrative expenses on the consolidated statements of operations, depending on the function of the underlying leased asset, with the exception of interest on finance lease liabilities, which is recorded within interest expense on the consolidated statements of operations.

Pension and Postretirement Benefits

We maintain retirement plans for the majority of our employees. We offer different types of plans within each segment, including defined benefit plans, defined contribution plans and OPEB plans. Each plan is managed locally and in accordance with respective local laws and regulations. Our equity investments, Brewers' Retail Inc. ("BRI") and Brewers' Distributor Ltd. ("BDL"), maintain defined benefit, defined contribution and postretirement benefit plans as well.

We recognize the underfunded or overfunded status of a defined benefit postretirement plan as an asset or liability in the consolidated balance sheets. The funded status of a plan, measured as the difference between the fair value of plan assets and the projected benefit obligation, and the related net periodic pension cost are calculated using a number of significant actuarial assumptions. Changes in net periodic pension cost and funding status may occur in the future due to changes in these assumptions.

We use the fair value approach to calculate the market-related value of pension plan assets used to determine net periodic pension cost, which includes measuring the market-related value of plan assets at fair value for purposes of determining the expected return on plan assets and amount of gain or loss subject to amortization.

Projected benefit obligation is the actuarial present value as of the measurement date of all benefits attributed by the plan benefit formula to employee service rendered before the measurement date using assumptions as to future compensation levels and years of service if the plan benefit formula is based on those future compensation levels and years of service. Accumulated benefit obligation is the actuarial present value of benefits (whether vested or unvested) attributed by the plan benefit formula to employee service rendered before the measurement date and based on employee service and compensation, if applicable, prior to that date. Accumulated benefit obligation differs from projected benefit obligation in that it includes no assumption about future compensation levels and years of service.

We employ the corridor approach for determining each plan's potential amortization from AOCI of deferred gains and losses, which occur when actual experience differs from estimates, into our net periodic pension and postretirement benefit cost. This approach defines the "corridor" as the greater of 10% of the projected benefit obligation or 10% of the market-related value of plan assets and requires amortization of the excess net gain or loss that exceeds the corridor over the average remaining service periods of active plan participants. For plans closed to new entrants and the future accrual of benefits, the average remaining life expectancy of all plan participants (including retirees) is used.

Fair Value Measurements

The carrying amounts of our cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate fair value as recorded due to the short-term nature of these instruments. In addition, the carrying amounts of our trade loan receivables, net of allowances, approximate fair value. The fair value of derivatives is estimated by discounting the estimated future cash flows utilizing observable market interest, foreign exchange and commodity rates adjusted for non-performance credit risk associated with our counterparties (assets) or with MCBC (liabilities), as appropriate. Additionally, the fair value of warrants is estimated using the Black-Scholes valuation model. See Note 16, "Derivative Instruments and Hedging Activities" for additional information. Based on current market rates for similar instruments, the fair value of long-term debt is presented in Note 11, "Debt."

U.S. GAAP guidance for fair value includes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach and cost approach). Our financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy.

The three levels of the hierarchy are as follows:

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

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

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

Foreign Currency

Assets and liabilities recorded in foreign currencies that are the functional currencies for the respective operations are translated at the prevailing exchange rate at the balance sheet date. Translation adjustments resulting from this process are reported as a separate component of OCI. Gains and losses from foreign currency transactions are included in earnings for the period. Revenue and expenses are translated at the average exchange rates during the respective period throughout the year.

2. New Accounting Pronouncements

Adoption of New Accounting Pronouncements

Leases

In February 2016, the FASB issued authoritative guidance intended to increase transparency and comparability among organizations by requiring the recognition of lease assets and liabilities on the balance sheet and disclosure of key information about leasing arrangements. We adopted this guidance and all related amendments applying the modified retrospective transition approach to all lease arrangements as of the effective date of adoption, January 1, 2019. As permitted under the guidance, financial statements for reporting periods beginning after January 1, 2019 are presented under the new guidance, while prior period amounts have not been adjusted and continue to be reported and disclosed in accordance with historical accounting guidance. Additionally, for existing leases as of the effective date, we have elected the package of practical expedients available at transition to not reassess the historical lease determination, lease classification and initial direct costs.

For operating leases, the adoption of the new guidance resulted in the recognition of right-of-use assets of approximately $154 million and aggregate current and non-current lease liabilities of approximately $164 million as of January 1, 2019, including immaterial reclassifications of prepaid and deferred rent balances into right-of-use assets. Separately, as a result of the cumulative impact of adopting the new guidance, we recorded a net increase to opening retained earnings of approximately $32 million as of January 1, 2019 with the offsetting impact within other assets, related to our share of the accelerated recognition of deferred gains on non-qualifying and other sale-leaseback transactions by an equity method investment within our Canada segment. Additionally, while our accounting for finance leases remains unchanged at adoption, we have prospectively changed the presentation of finance lease liabilities within the consolidated balance sheets to be presented within current portion of long-term debt and short-term borrowings, and long-term debt, as appropriate. As of January 1, 2019, we reclassified approximately $3 million and $82 million of short-term and long-term finance lease liabilities from accounts payable and other current liabilities and other non-current liabilities to current portion of long-term debt and short-term borrowings and long-term debt, respectively. The adoption of this guidance had no impact to our cash flows from operating, investing, or financing activities. See Note 1, "Basis of Presentation and Summary of Significant Accounting Policies" and Note 19, "Leases" for additional discussion on our leasing arrangements.

Accumulated Other Comprehensive Income (Loss)

In February 2018, the FASB issued authoritative guidance intended to improve the usefulness of financial information related to the enactment of the 2017 Tax Act. This guidance provides an option to reclassify from AOCI to retained earnings the stranded tax effects resulting from the change in the U.S. federal corporate income tax rate as a result of the 2017 Tax Act. We adopted this guidance as of January 1, 2019 and elected to reclassify stranded tax effects related to the 2017 Tax Act, resulting in an approximate $75 million increase to retained earnings in the period of adoption.

New Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued authoritative guidance that changes the impairment model used to measure credit losses for most financial instruments. The new guidance replaces the existing incurred credit loss model, and requires the application of a forward-looking expected credit loss model, which will generally result in earlier recognition of allowances for credit losses for financial instruments that are in scope of the new guidance, including trade receivables. This guidance is effective for annual periods beginning after December 15, 2019, including interim periods within those annual periods. We are currently evaluating the potential impact of this guidance and do not expect it will have a material impact on our financial statements.

In August 2018, the FASB issued authoritative guidance intended to address a customer's accounting for implementation costs incurred in a cloud computing arrangement that is a service contract. This guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The guidance also requires presentation of the capitalized implementation costs in the statement of financial position and in the statement of cash flows in the same line item that a prepayment for the fees of the associated hosting arrangement would be presented, and the expense related to the capitalized implementation costs to be presented in the same line item in the statement of operations as the fees associated with the hosting element (service) of the arrangement. This guidance is effective for annual periods beginning after December 15, 2019, including interim periods within those annual periods. We will adopt this guidance prospectively in the first quarter of 2020 and are currently evaluating the impact on our financial position, results of operations and statement of cash flows. The adoption of this guidance will result in the change in presentation of capitalized implementation costs related to hosting arrangements from properties to other assets on the consolidated balance sheet, as well as the expense related to such costs no longer being classified as depreciation expense and cash flows related to those costs no longer being presented as investing activities.

In December 2019, the FASB issued authoritative guidance intended to simplify the accounting for income taxes. This guidance eliminates certain exceptions to the general approach to the income tax accounting model, and adds new guidance to reduce the complexity in accounting for income taxes. This guidance is effective for annual periods beginning after December 15, 2020, including interim periods within those annual periods. We are currently evaluating the potential impact of this guidance and do not expect it will have a material impact on our financial statements.

Other than the items noted above, there have been no new accounting pronouncements not yet effective or adopted in the current year that we believe have a significant impact, or potential significant impact, to our consolidated financial statements.

3. Segment Reporting

Our reporting segments are based on the key geographic regions in which we operate, which are the basis on which our chief operating decision maker evaluates the performance of the business.

On October 28, 2019, as part of our revitalization plan, we made the determination to establish Chicago, Illinois as our North American operational headquarters, close our existing office in Denver, Colorado and consolidate certain administrative functions into our other existing office locations. In connection with these consolidation activities, effective January 1, 2020, we changed our management structure to two business units, our North America and Europe businesses. Accordingly, the segment financial reporting implications will not be reflected until the first quarter of 2020.

Reporting Segments as of December 31, 2019

United States

The U.S. segment consists of our production, marketing and sales of our brands and other owned and licensed brands in the U.S. We also have an agreement to brew, package and ship products for Pabst Brewing Company, LLC. Additionally, the U.S. segment produces beer for export to our Canada and International segments.

Canada

The Canada segment consists of our production, marketing and sales of our brands and other owned and licensed brands in Canada. The Canada segment also includes BRI, our joint venture arrangement related to the distribution and retail sale of beer in Ontario, and BDL, our joint venture arrangement related to the distribution of beer in the western provinces. Both BRI and BDL are accounted for as equity method investments.

We have an agreement with Heineken N.V. ("Heineken") that grants us the right to import, market, distribute and sell certain Heineken products in Canada. We also contract brew and package certain *Labatt* brands for the U.S. market.

Europe

The Europe segment consists of our production, marketing and sales of our brands as well as a number of smaller regional brands in the U.K., the Republic of Ireland and Central Europe. Additionally, European markets including Sweden, Spain, Germany, Ukraine and Russia are reported within our Europe segment. Our European business also has licensing agreements and distribution agreements with various other brewers. A portion of the operating results of the international *Miller* brand portfolio are reported in the Europe segment.

International

The objective of the International segment is to grow and expand our business and brand portfolio in new and existing markets, including emerging markets, outside the U.S., Canada, and Europe segments. The International segment includes operations in Latin America, Asia Pacific and Africa. International operates through a combination of export and license arrangements, in addition to our India business that produces, markets and sells our products and our Japan business that imports, markets and sells our and certain other third-party products.

Corporate

Corporate is not a reportable segment and primarily includes interest and certain other general and administrative costs that are not allocated to any of the operating segments as well as the results of our water resources and energy operations in Colorado and the unrealized changes in fair value on our commodity swaps not designated in hedging relationships recorded within cost of goods sold, which are later reclassified when realized to the segment in which the underlying exposure resides. The majority of these corporate costs relate to worldwide administrative functions, such as corporate affairs, legal, human resources, information technology, finance, internal audit, insurance, ethics and compliance, risk management, global growth, supply chain and commercial initiatives. Additionally, only the service cost component of net periodic pension and OPEB cost is reported within each operating segment, and all other components are reported within the Corporate segment.

Summarized Financial Information

No single customer accounted for more than 10% of our consolidated sales in 2019, 2018 or 2017. Consolidated net sales represent sales to third-party external customers less excise taxes. Inter-segment transactions impacting net sales revenues and income (loss) before income taxes eliminate in consolidation and, for fiscal year 2019 are U.S. segment sales of $94.2 million to our International segment and $17.5 million to our Canada segment, as well as approximately $12 million of Canada inter-segment sales to the U.S.

The following tables represent consolidated net sales, interest expense, interest income and reconciliations of amounts shown as income (loss) before income taxes to income (loss) attributable to MCBC. Income (loss) before income taxes includes the impact of special items; refer to Note 7, "Special Items" for further discussion. Additionally, integration costs of $25.0 million, $38.8 million and $70.6 million for 2019, 2018 and 2017, respectively, were recorded within marketing, general and administrative expenses, primarily within the Corporate segment.

	Year ended December 31, 2019						
	U.S.	Canada[(1)]	Europe	International[(2)]	Corporate[(3)]	Inter-segment net sales eliminations	Consolidated
	(In millions)						
Net sales	$ 7,241.3	$ 1,307.4	$ 1,928.7	$ 225.3	$ 0.8	$ (124.1)	$ 10,579.4
Interest expense	3.0	(0.2)	(6.2)	—	(277.5)	—	(280.9)
Interest income	—	—	0.5	—	7.7	—	8.2
Income (loss) before income taxes	$ 1,301.8	$ (508.7)	$ 160.1	$ (7.7)	$ (465.6)	$ —	$ 479.9
Income tax benefit (expense)							(233.7)
Net income (loss)							246.2
Net (income) loss attributable to noncontrolling interests							(4.5)
Net income (loss) attributable to MCBC							$ 241.7

(1) During the third quarter of 2019, we recorded a goodwill impairment loss to our Canada reporting unit of $668.3 million, which was recorded as a special item. See Note 10, "Goodwill and Intangible Assets" for further discussion. During the second quarter of 2019, we completed the sale of our existing Montreal brewery for $96.2 million (CAD 126 million), resulting in a $61.3 million gain, which was recorded as a special item. Also, during 2019 and 2018, we recorded unrealized mark-to-market losses of approximately $18 million and $24 million, respectively, on the HEXO Corp. ("HEXO") warrants received in connection with the formation of the Truss LP ("Truss") joint venture.

(2) During the third quarter of 2019, we recorded an aggregate goodwill and definite-lived intangible asset impairment loss related to our India reporting unit of $12.2 million, which was recorded as a special item. See Note 10, "Goodwill and Intangible Assets" for further discussion.

(3) Related to the unrealized mark-to-market valuation on our commodity hedge positions, we recorded unrealized losses of $0.8 million for the year ended December 31, 2019 compared to unrealized losses of $166.2 million for the year ended December 31, 2018.

	Year ended December 31, 2018						
	U.S.	Canada	Europe	International	Corporate[1]	Inter-segment net sales eliminations	Consolidated
				(In millions)			
Net sales	$ 7,259.9	$ 1,392.1	$ 2,002.6	$ 250.1	$ 0.8	$ (135.9)	$ 10,769.6
Interest expense	8.8	—	(5.6)	—	(309.4)	—	(306.2)
Interest income	—	—	0.5	—	7.5	—	8.0
Income (loss) before income taxes	$ 1,320.7	$ 157.0	$ 186.4	$ (2.7)	$ (301.6)	$ —	$ 1,359.8
Income tax benefit (expense)							(225.2)
Net income (loss)							1,134.6
Net (income) loss attributable to noncontrolling interests							(18.1)
Net income (loss) attributable to MCBC							$ 1,116.5

(1) During the first quarter of 2018, we recorded a gain of $328.0 million related to the Adjustment Amount as defined and further discussed in Note 7, "Special Items." Additionally, related to the unrealized mark-to-market valuation on our commodity hedge positions, we recorded unrealized losses of $166.2 million for the year ended December 31, 2018 compared to unrealized gains of $123.3 million for the year ended December 31, 2017.

	Year ended December 31, 2017						
	U.S.	Canada	Europe[1]	International	Corporate[2]	Inter-segment net sales eliminations	Consolidated
				(In millions)			
Net sales	$ 7,505.7	$ 1,458.0	$ 1,940.7	$ 264.0	$ 0.9	$ (166.5)	$ 11,002.8
Interest expense	13.1	—	—	—	(362.4)	—	(349.3)
Interest income	—	—	3.6	—	2.4	—	6.0
Income (loss) before income taxes	$ 1,394.2	$ 210.2	$ 234.9	$ (19.7)	$ (436.4)	$ —	$ 1,383.2
Income tax benefit (expense)							204.6
Net income (loss)							1,587.8
Net (income) loss attributable to noncontrolling interests							(22.2)
Net income (loss) attributable to MCBC							$ 1,565.6

(1) During the first quarter of 2017, we released an indirect tax loss contingency, which was initially recorded in the fourth quarter of 2016, for a benefit of approximately $50 million. See Note 18, "Commitments and Contingencies" for details.

(2) Related to the unrealized mark-to-market valuation on our commodity hedge positions, we recorded unrealized gains of $123.3 million for the twelve months ended December 31, 2017.

The following table presents total assets and select cash flow information by segment:

	Assets		Depreciation and amortization			Capital expenditures		
	As of December 31,		For the years ended December 31,			For the years ended December 31,		
	2019	2018	2019	2018	2017	2019	2018	2017
				(In millions)				
U.S.	$ 18,814.1	$ 19,057.1	$ 527.4	$ 514.0	$ 485.7	$ 239.5	$ 322.0	$ 351.5
Canada	4,195.3	4,640.5	137.1	141.9	131.2	194.8	165.3	99.9
Europe	5,413.8	5,430.0	180.1	188.0	182.3	138.3	150.0	131.6
International	265.9	274.1	11.0	9.9	9.6	11.5	3.1	2.3
Corporate	170.7	708.1	3.4	3.7	4.0	9.7	11.3	14.3
Consolidated	$ 28,859.8	$ 30,109.8	$ 859.0	$ 857.5	$ 812.8	$ 593.8	$ 651.7	$ 599.6

The following table presents net sales by geography, based on the location of the customer:

	For the years ended		
	December 31, 2019	December 31, 2018	December 31, 2017
		(In millions)	
Net sales to unaffiliated customers:			
United States and its territories	$ 7,244.9	$ 7,272.1	$ 7,493.6
Canada	1,231.3	1,298.2	1,358.4
United Kingdom	1,119.1	1,184.6	1,172.8
Other foreign countries(1)	984.1	1,014.7	978.0
Consolidated net sales	$ 10,579.4	$ 10,769.6	$ 11,002.8

(1) Reflects net sales from the individual countries within our Central European operations (included in our Europe segment), as well as our International segment, for which no individual country has total net sales exceeding 10% of the total consolidated net sales.

The following table presents net properties by geographic location:

	As of	
	December 31, 2019	December 31, 2018
	(In millions)	
Net properties:		
United States and its territories	$ 2,760.2	$ 2,943.0
Canada	831.9	719.7
United Kingdom	406.5	396.5
Other foreign countries(1)	547.9	549.1
Consolidated net properties	$ 4,546.5	$ 4,608.3

(1) Reflects net properties within the individual countries included in our Central European operations (included in our Europe segment), as well as our International segment, for which no individual country has total net properties exceeding 10% of the total consolidated net properties.

4. Investments

Our investments include both equity method and consolidated investments. Those entities identified as VIEs have been evaluated to determine whether we are the primary beneficiary. The VIEs included under "Consolidated VIEs" below are those for which we have concluded that we are the primary beneficiary and accordingly, we have consolidated these entities. None of our consolidated VIEs held debt as of December 31, 2019 or December 31, 2018. We have not provided any financial support to any of our VIEs during 2019 that we were not previously contractually obligated to provide. Amounts due to and due from our equity method investments are recorded as affiliate accounts payable and affiliate accounts receivable. See below under "Affiliate Transactions" for further details.

Authoritative guidance related to the consolidation of VIEs requires that we continually reassess whether we are the primary beneficiary of VIEs in which we have an interest. As such, the conclusion regarding the primary beneficiary status is subject to change and we continually evaluate circumstances that could require consolidation or deconsolidation. Our consolidated VIEs are Cobra Beer Partnership, Ltd. ("Cobra U.K."), Rocky Mountain Metal Container (“RMMC”), Rocky Mountain Bottle Company (“RMBC”) and Truss. Our unconsolidated VIEs are BRI and BDL, as well as other immaterial investments.

Both BRI and BDL have outstanding third-party debt which is guaranteed by their respective shareholders. As a result, we have a guarantee liability of $37.7 million and $35.9 million recorded as of December 31, 2019 and December 31, 2018, respectively, which is presented within accounts payable and other current liabilities on the consolidated balance sheets and represents our proportionate share of the outstanding balance of these debt instruments. The carrying value of the guarantee liability equals fair value, which considers an adjustment for our own non-performance risk and is considered a Level 2 measurement. The offset to the guarantee liability was recorded as an adjustment to our respective equity method investment within the consolidated balance sheets. The resulting change in our equity method investments during the year due to movements in the guarantee represents a non-cash investing activity.

Equity Method Investments

Brewers' Retail Inc.

BRI is a beer distribution and retail network for the Ontario region of Canada, with majority of the ownership residing with MCC, Labatt Breweries of Canada LP (a subsidiary of ABI) and Sleeman Breweries Ltd. (a subsidiary of Sapporo International). BRI charges its owners administrative fees that are designed so the entity operates on a cash neutral basis. This administrative fee is based on costs incurred, net of other revenues earned, and is allocated in accordance with the operating agreement to its owners based on volume of products. Contractual provisions cause participation in governance and other interests to fluctuate based on this calculated market share requiring frequent primary beneficiary evaluations. However, based on the existing structure, control is shared, and remains shared through such changes, and therefore we do not anticipate becoming the primary beneficiary in the foreseeable future. We consider BRI an affiliate. See "Affiliate Transactions" section below summarizing our transactions and balances with affiliates, including BRI.

We have an obligation to proportionately fund BRI's operations. As a result of this obligation, we continue to record our proportional share of BRI's net income or loss and OCI activity, including when we have a negative equity method balance. As of December 31, 2019 and December 31, 2018, we had a positive equity method investment balance of $27.2 million and $13.8 million, respectively. The increase to our net investment balance from prior year was primarily related to our share of the accelerated recognition of deferred gains on BRI's non-qualifying and other sale-leaseback transactions upon the adoption of the new lease accounting standard as of January 1, 2019, as discussed in Note 2, "New Accounting Pronouncements." This increase was partially offset by our share of BRI's net loss during the year as well as an increase to BRI's employee retirement plan obligations (resulting from the annual actuarial valuation) unfavorably impacting the net assets of BRI. See "Affiliate Transactions" below for BRI affiliate transactions including administrative fees charged to MCBC under the agreement with BRI which are recorded in cost of goods sold, as well as for BRI affiliate due to and due from balances as of December 31, 2019 and December 31, 2018, respectively, related to trade receivables and payables for sales to external customers and costs incurred by BRI offset by administrative fees charged and paid by MCBC (which may be in a payable or receivable position depending on the amount under or over charged).

Brewers' Distributor Ltd.

BDL is a distribution operation owned by MCC and Labatt Breweries of Canada LP (a subsidiary of ABI) that, pursuant to an operating agreement, acts as an agent for the distribution of their products in the western provinces of Canada. The two owners share 50% - 50% voting control of this business. We consider BDL an affiliate. See "Affiliate Transactions" section below summarizing our transactions and balances with affiliates, including BDL.

BDL charges the owners administrative fees that are designed so the entity operates at break-even profit levels. This administrative fee is based on costs incurred, net of other revenues earned, and is allocated in accordance with the operating agreement to the owners based on volume of products. No other parties are allowed to sell beer through BDL, which does not take legal title to the beer distributed for the owners. Our investment in BDL was $30.0 million as of both December 31, 2019 and December 31, 2018. See "Affiliate Transactions" section below for BDL affiliate transactions including administrative fees charged to MCBC under the agreement with BDL which are recorded in cost of goods sold, as well as for BDL affiliate due to and due from balances as of December 31, 2019 and December 31, 2018, respectively, related to trade receivables and payables for sales to external customers and costs incurred by BDL offset by administrative fees charged and paid by MCBC (which may be in a payable or receivable position depending on the amount under or over charged).

Other

We have certain other immaterial equity investments we enter into from time to time that align with our organizational strategies and growth initiatives.

Our equity method investments are not considered significant for disclosure of financial information on either an individual or aggregated basis and there were no significant undistributed earnings as of December 31, 2019 or December 31, 2018, for any of these companies.

Affiliate Transactions

All transactions with our equity method investments are considered related party transactions and recorded within our affiliate accounts. The following table summarizes transactions with affiliates:

	For the years ended		
	December 31, 2019	December 31, 2018	December 31, 2017
	(In millions)		
Administrative fees, net charged from BRI	$ 96.8	$ 94.0	$ 93.5
Administrative fees, net charged from BDL	$ 35.7	$ 40.2	$ 37.3

Amounts due to and due from affiliates as of December 31, 2019 and December 31, 2018, respectively, are as follows:

	Amounts due from affiliates		Amounts due to affiliates	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(In millions)			
BRI	$ 4.6	$ 7.7	$ —	$ —
BDL	4.0	0.7	—	—
Other	0.3	—	—	0.1
Total	$ 8.9	$ 8.4	$ —	$ 0.1

Consolidated VIEs

Rocky Mountain Metal Container

RMMC, a Colorado limited liability company, is a joint venture with Ball Corporation in which we hold a 50% interest. Our U.S. business has a can and end supply agreement with RMMC. Under this agreement, we purchase substantially all of the output of RMMC. RMMC manufactures cans and ends at our facilities, which RMMC is operating under a use and license agreement. As RMMC is a limited liability company ("LLC"), the tax consequences flow to the joint venture partners.

Rocky Mountain Bottle Company

RMBC, a Colorado limited liability company, is a joint venture with Owens-Brockway Glass Container, Inc. in which we hold a 50% interest. Our U.S. business has a supply agreement with RMBC under which we agree to purchase output approximating the agreed upon annual plant capacity of RMBC. RMBC manufactures bottles at our facilities, which RMBC is operating under a lease agreement. As RMBC is an LLC, the tax consequences flow to the joint venture partners.

Cobra U.K.

We hold a 50.1% interest in Cobra U.K., which owns the worldwide rights to the *Cobra* beer brand (with the exception of the Indian sub-continent, owned by Cobra India). The noncontrolling interest is held by the founder of the *Cobra* beer brand. We consolidate the results and financial position of Cobra U.K., and it is reported within our Europe operating segment.

Truss

On October 4, 2018, a wholly-owned subsidiary within our Canadian business completed the formation of Truss LP, an independent Canadian joint venture with HEXO to pursue opportunities to develop, produce and market non-alcoholic, cannabis-infused beverages in Canada. Truss is structured as a standalone start-up company with its own board of directors and an independent management team. We maintain a 57.5% controlling interest in Truss, which is a VIE that is consolidated. In connection with the formation of Truss, HEXO also issued warrants to our Canadian subsidiary, which are further discussed in Note 16, "Derivative Instruments and Hedging Activities." Truss also subleases the location of its production facility in Belleville, Ontario from HEXO.

The following summarizes the assets and liabilities of our consolidated VIEs (including noncontrolling interests):

	As of			
	December 31, 2019		December 31, 2018	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
	(In millions)			
RMMC/RMBC	$ 207.4	$ 17.9	$ 189.8	$ 35.0
Other	$ 65.3	$ 20.8	$ 31.0	$ 5.1

Grolsch Deconsolidation

In September 2019, we received termination notices of our Grolsch U.K. Ltd. ("Grolsch") joint venture arrangement, as well as the related brewing and distribution agreements for the Grolsch brands in the U.K. and Ireland. In November 2019, we mutually agreed with Asahi that the agreements would terminate with immediate effect and that we would receive a payment in November 2019. As a result, the Grolsch joint venture ceased all operations, including the production, marketing and sale of the Grolsch brands in these markets, in the third quarter of 2019. Upon notice of termination in the third quarter of 2019, we reassessed our status as the primary beneficiary of the joint venture and concluded that we were no longer able to exert control over the operations or direction of the joint venture or otherwise influence the activities that most significantly impact the economics of the entity. Therefore, we deconsolidated the joint venture and recorded an immaterial loss on deconsolidation as a special item during the third quarter of 2019. The aggregate loss related to the termination of the Grolsch business, resulting from the loss upon deconsolidation and the impairment losses on the related definite-lived intangible assets in the third quarter of 2019, along with the payment we received and recorded in the fourth quarter of 2019, is $0.5 million for fiscal year 2019.

5. Other Income and Expense

	For the years ended		
	December 31, 2019	December 31, 2018	December 31, 2017
	(In millions)		
Gain on sale of non-operating asset	$ —	$ 11.7	$ —
Gain (loss) from other foreign exchange and derivative activity, net	(20.4)	(31.9)	(8.0)
Other, net(1)	5.7	8.2	9.4
Other income (expense), net	$ (14.7)	$ (12.0)	$ 1.4

(1) During 2019, we received a payment and recorded a gain of CAD 2.0 million, or $1.5 million, resulting from a purchase price agreement related to the historical sale of Molson Inc.'s ownership interest in the Montreal Canadiens, which is considered an affiliate of MCBC.

During 2018, we recorded a non-cash gain of CAD 5.8 million, or $4.3 million, resulting from the release of our guarantee of the Montreal Canadiens' obligations under a ground lease for the Bell Centre Arena as a result of an independent transaction by the Montreal Canadiens with the lessor.

During 2017, we received payment and recorded a gain of CAD 10.9 million, or $8.3 million, resulting from a purchase price adjustment related to the historical sale of Molson Inc.'s ownership interest in the Montreal Canadiens, an affiliate of MCBC.

6. Income Tax

Our income (loss) before income taxes on which the provision for income taxes was computed is as follows:

	For the years ended		
	December 31, 2019	December 31, 2018	December 31, 2017
		(In millions)	
Domestic	$ 1,136.1	$ 1,320.4	$ 1,488.3
Foreign	(656.2)	39.4	(105.1)
Total	$ 479.9	$ 1,359.8	$ 1,383.2

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

	For the years ended		
	December 31, 2019	December 31, 2018	December 31, 2017
		(In millions)	
Current:			
Federal	$ 69.1	$ (22.9)	$ (177.1)
State	9.4	(4.7)	4.7
Foreign	46.7	38.7	36.5
Total current tax expense (benefit)	$ 125.2	$ 11.1	$ (135.9)
Deferred:			
Federal	$ 128.3	$ 232.2	$ (79.5)
State	22.2	31.2	33.5
Foreign	(42.0)	(49.3)	(22.7)
Total deferred tax expense (benefit)	$ 108.5	$ 214.1	$ (68.7)
Total income tax expense (benefit)	$ 233.7	$ 225.2	$ (204.6)

The increase in income tax expense for 2018 versus 2017 was primarily driven by net deferred tax benefit of approximately $567 million recognized in 2017 resulting from the impacts of the 2017 Tax Act, partially offset by the impact of the reduction of the U.S. federal corporate income tax rate from 35% to 21% in 2018.

Our effective tax rate varies from the U.S. federal statutory income tax rate as follows:

	For the years ended		
	December 31, 2019	December 31, 2018	December 31, 2017
Statutory Federal income tax rate	21.0 %	21.0 %	35.0 %
State income taxes, net of federal benefits	3.4 %	1.4 %	2.2 %
Effect of foreign tax rates and tax planning	(21.2)%	(8.1)%	(16.5)%
Effect of U.S. tax reform	— %	0.2 %	(41.0)%
Effect of unrecognized tax benefits	3.7 %	0.8 %	(0.3)%
Change in valuation allowance	6.0 %	0.7 %	3.6 %
Goodwill impairment	36.5 %	— %	— %
Other, net	(0.7)%	0.6 %	2.2 %
Effective tax rate	48.7 %	16.6 %	(14.8)%

The increase in the effective income tax rate for 2019 versus 2018 is primarily driven by the $668.3 million impairment loss attributable to nondeductible goodwill of our Canada reporting unit, increased valuation allowances, the recognition of other one-time tax expenses in 2019, as well as cycling one-time tax benefits in 2018.

The increase in the effective income tax rate for 2018 versus 2017 was primarily driven by the one-time impacts of the 2017 Tax Act recognized when enacted in 2017, most notably the remeasurement of our deferred taxes from the reduction in the U.S. statutory federal corporate income tax rate.

Additionally, our foreign businesses operate in jurisdictions with statutory income tax rates that differ from the U.S. Federal statutory rate. Specifically, the statutory income tax rates in the countries in Europe in which we operate range from 9% to 25%, and Canada has a statutory income tax rate of approximately 26%.

Separately, since 2018, the U.S. Department of Treasury has continued to issue proposed, temporary and final regulations to implement provisions of the 2017 Tax Act. We have continued to monitor these and while temporary and final regulations have not yet resulted in material adverse impacts to us, there are certain proposed regulations, which are not yet considered law, that if finalized as proposed, could result in a material adverse impact on our consolidated financial statements. Specifically, if certain of the proposed regulations are finalized as proposed with full retroactive application to January 1, 2018, then we would be required to recognize estimated income tax expense of approximately $100 million to $200 million upon enactment related to the proposed retroactive period through December 31, 2019, for fiscal years 2018 and 2019. This estimated range contains significant uncertainty and could be impacted by various factors, including any differences between the proposed and ultimately finalized regulations.

	As of	
	December 31, 2019	December 31, 2018
	(In millions)	
Non-current deferred tax assets:		
Compensation-related obligations	$ 54.8	$ 55.8
Pension and postretirement benefits	115.9	121.4
Foreign exchange gain/loss	1.8	—
Derivative instruments	41.8	8.9
Tax credit carryforwards	41.1	54.5
Tax loss carryforwards	267.1	1,201.8
Accrued liabilities and other	48.3	76.2
Valuation allowance	(73.8)	(1,040.0)
Total non-current deferred tax assets	$ 497.0	$ 478.6
Non-current deferred tax liabilities:		
Fixed assets	353.7	345.8
Partnerships and investments	18.8	17.0
Foreign exchange gain/loss	—	3.0
Intangible assets	2,279.9	2,167.1
Total non-current deferred tax liabilities	$ 2,652.4	$ 2,532.9
Net non-current deferred tax assets	—	—
Net non-current deferred tax liabilities	$ 2,155.4	$ 2,054.3

The overall increase in net deferred tax liabilities of $101.1 million in 2019 is primarily attributable to the amortization of goodwill and indefinite-lived intangible assets resulting from the Acquisition for U.S. tax purposes. Additionally, our deferred tax balances are also impacted by foreign exchange rates, as a significant amount of our deferred tax assets and liabilities are in foreign jurisdictions.

Our deferred tax valuation allowances are primarily the result of uncertainties regarding the future realization of recorded tax benefits on tax loss carryforwards from operations in various jurisdictions. The measurement of deferred tax assets is reduced by a valuation allowance if, based upon available evidence, it is more likely than not that the deferred tax assets will not be realized. We have evaluated the realizability of our deferred tax assets in each jurisdiction by assessing the adequacy of expected taxable income, including the reversal of existing temporary differences, historical and projected operating results and the availability of prudent and feasible tax planning strategies. Based on this analysis, we have determined that the valuation allowances recorded in each period presented are appropriate.

We have deferred tax assets for U.S. tax carryforwards that expire between 2020 and 2039 of $63.2 million and $76.7 million as of December 31, 2019 and December 31, 2018, respectively. We have foreign tax loss carryforwards that expire between 2020 and 2039 of $233.8 million and $195.0 million as of December 31, 2019 and December 31, 2018, respectively. We have foreign tax loss carryforwards that do not expire of $11.2 million and $984.6 million as of December 31, 2019 and December 31, 2018, respectively.

The significant year over year decrease in our deferred tax valuation allowances as well as our tax loss carryforwards that do not expire is attributable to the liquidation of certain European entities, resulting in the write-off of their loss carryforwards and associated full valuation allowances. As a result, these write-offs did not have an impact to the consolidated statement of operations, balance sheet and statement of cash flows.

	As of	
	December 31, 2019	December 31, 2018
	(In millions)	
Domestic net non-current deferred tax liabilities	$ 1,488.5	$ 1,353.2
Foreign net non-current deferred tax assets	34.8	26.8
Foreign net non-current deferred tax liabilities	701.7	727.9
Net non-current deferred tax liabilities	$ 2,155.4	$ 2,054.3

The 2019 and 2018 amounts above exclude $68.4 million and $47.8 million, respectively, of unrecognized tax benefits that have been recorded as a reduction of non-current deferred tax assets, which is presented within non-current deferred tax liabilities due to jurisdictional netting on the consolidated balance sheets.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits, excluding interest and penalties, is as follows:

	For the years ended		
	December 31, 2019	December 31, 2018	December 31, 2017
		(In millions)	
Balance at beginning of year	$ 51.6	$ 41.9	$ 39.7
Additions for tax positions related to the current year	18.1	22.3	13.5
Additions for tax positions of prior years	—	0.7	13.6
Reductions for tax positions of prior years	—	(8.4)	—
Settlements	—	—	(12.8)
Release due to statute expirations	(0.8)	(1.6)	(14.6)
Foreign currency adjustment	3.5	(3.3)	2.5
Balance at end of year	$ 72.4	$ 51.6	$ 41.9

Our remaining unrecognized tax benefits as of December 31, 2019, relate to tax years that are currently open to examination. Annual tax provisions include amounts considered sufficient to pay assessments that may result from examination of prior year tax returns; however, the amount ultimately paid upon resolution of issues may differ materially from the amount accrued.

During 2020, we anticipate that an immaterial amount of unrecognized tax benefits will be released due to closings of statutes of limitations.

	For the years ended		
	December 31, 2019	December 31, 2018	December 31, 2017
		(In millions)	
Reconciliation of unrecognized tax benefits balance			
Estimated interest and penalties	$ 2.9	$ 2.3	$ 2.1
Unrecognized tax positions	72.4	51.6	41.9
Total unrecognized tax benefits	$ 75.3	$ 53.9	$ 44.0
Presented net against non-current deferred tax assets	$ 68.4	$ 47.8	$ 37.9
Current (included in accounts payable and other current liabilities)	—	—	—
Non-current (included within other liabilities)	6.9	6.1	6.1
Total unrecognized tax benefits	$ 75.3	$ 53.9	$ 44.0
Amount of unrecognized tax benefits that would impact the effective tax rate, if recognized(1)	$ 72.4	$ 51.6	$ 41.9

(1) Amounts exclude the potential effects of valuation allowances, which may fully or partially offset the impact to the effective tax rate.

We file income tax returns in most of the federal, state and provincial jurisdictions in the U.S., Canada and various countries in Europe. Tax years through 2013 are closed in the U.S. In Canada, tax years through the year ended 2014 are closed or have been effectively settled through examination except for issues relating to intercompany cross-border transactions. The statute of limitations for intercompany cross-border transactions is closed through tax year 2011. Tax years through 2013 are closed for most countries in European jurisdictions with statutes of limitations varying from 3 to 7 years.

We annually distribute cash from our foreign subsidiaries' current year earnings and record the tax impacts associated with these transactions. Any current earnings not otherwise distributed or planned to be distributed in the current year are considered permanently reinvested in our foreign operations. The aggregate of these earnings is currently a deficit for U.S. tax purposes and would not result in any material taxes, if distributed. We have no plans to dispose of foreign subsidiaries and would not expect outside basis differences in foreign subsidiaries to reverse with material tax consequences.

7. Special Items

We have incurred charges or realized benefits that either we do not believe to be indicative of our core operations, or we believe are significant to our current operating results warranting separate classification. As such, we have separately classified these charges (benefits) as special items.

	For the years ended		
	December 31, 2019	December 31, 2018	December 31, 2017
		(In millions)	
Employee-related charges			
Restructuring	$ 52.4	$ 34.7	$ 2.6
Impairments or asset abandonment charges			
U.S. - Asset abandonment(1)	15.8	8.2	14.5
Canada - Goodwill impairment(2)	668.3	—	—
Canada - Asset abandonment(3)	23.0	24.5	14.4
Europe - Asset abandonment(4)	1.2	3.8	9.5
International - Goodwill and intangible asset impairment(2)	12.2	—	—
Corporate	3.4	—	—
Termination fees and other (gains) losses			
U.S. - Gain on sale of asset	(7.5)	—	—
Canada - Gain on sale of brewery(3)	(61.3)	—	—
Europe - Deconsolidation of VIE	0.5	—	—
Europe - Gain on sale of asset(4)	—	—	(4.6)
International(5)	0.8	7.1	—
Purchase price adjustment settlement gain(6)	—	(328.0)	—
Total Special items, net	$ 708.8	$ (249.7)	$ 36.4

(1) Following management approval in December 2019, in January 2020, we announced plans to cease production at our Irwindale, California brewery and entered into an option agreement with Pabst Brewing Company, LLC ("Pabst"), granting Pabst an option to purchase our Irwindale, California brewery, including plant equipment and machinery and the underlying land.

Pursuant to the agreement, Pabst will have 120 days from receipt of the notice of the Irwindale brewery closure from MillerCoors to exercise the option to purchase the Irwindale brewery. If Pabst exercises its option to purchase the Irwindale brewery, the agreement provides (i) the purchase price will be $150 million, subject to adjustment as further specified in the agreement, (ii) the closing will be within six months from Pabst's exercise of the option, but no earlier than September 1, 2020 and no later than December 31, 2020, subject to the satisfaction of certain customary closing conditions, (iii) for the treatment and allocation of certain liabilities related to the operation of the Irwindale brewery prior to closing, and (iv) for customary representations and warranties and certain post-closing restrictions on Pabst regarding the operations and disposal of the Irwindale brewery. In conjunction with the agreement, MillerCoors and Pabst also executed mutual releases of claims related to their ongoing litigation and agreed to dismiss the litigation with prejudice.

Charges for 2019 consist primarily of accelerated depreciation in excess of normal depreciation and other closure costs, and we will continue to incur special charges during each reporting period through the planned closure of the brewery in September 2020. Total special charges associated with the planned closure are expected to be approximately $150 million to $175 million, consisting primarily of accelerated depreciation charges. However, this estimated range contains significant uncertainty, and actual results could differ materially from these estimates due to uncertainty regarding the ultimate net cost associated with the disposition of assets, restructuring charges, as well as the overall outcome of the Pabst purchase option, which if exercised, could significantly impact these estimates.

Charges for 2018 consist primarily of accelerated depreciation in excess of normal depreciation related to the closure of the Colfax, California cidery, which was completed during the first quarter of 2019, as well as other costs associated with the previously closed Eden, North Carolina brewery, including net charges associated with the sale of the Eden real property. Charges for 2017 also relate to the Eden brewery closure.

(2) During the third quarter of 2019, we recorded goodwill impairment losses within our Canada and India reporting units of $668.3 million and $6.1 million, respectively. We also recorded impairment losses related to definite-lived intangible assets in India of $6.1 million. See Note 10, "Goodwill and Intangible Assets" for further discussion.

(3) During 2019, 2018 and 2017, we incurred asset abandonment charges, consisting primarily of accelerated depreciation in excess of normal depreciation related to the closure of the Vancouver brewery, which occurred in the third quarter of 2019, and the planned closure of the Montreal brewery, which is currently expected to occur in 2021. We currently expect to incur additional charges, including estimated accelerated depreciation charges in excess of normal depreciation of approximately CAD 27 million, through final closure of the Montreal brewery. However, due to the uncertainty inherent in our estimates, these estimated future accelerated depreciation charges as well as the timing of the brewery closure are subject to change. Additionally, during the second quarter of 2019, we completed the sale of the existing Montreal brewery property for $96.2 million (CAD 126 million), and recognized a gain of $61.3 million. See Note 19, "Leases" for further discussion.

(4) As a result of our continued strategic review of our European supply chain network, during 2019, 2018 and 2017, we incurred charges consisting primarily of accelerated depreciation in excess of normal depreciation related to the closure of our Burton South brewery and other associated closure costs. The Burton South Brewery closed during the first quarter of 2018. Additionally, as part of this review, related to the closures of our Plovdiv brewery in Bulgaria and Alton brewery in the U.K., during 2018 and 2017, we recorded asset abandonment related special charges. Separately, during 2017 we completed the sale of land related to our previously closed Plovdiv brewery and received net cash proceeds of $8.2 million and recognized a gain of $4.6 million.

(5) Represents charges related to the exit of our China business in 2018, consisting primarily of the reclassification of the associated cumulative foreign currency translation adjustment from AOCI upon substantial liquidation in the fourth quarter of 2018. See Note 14, "Accumulated Other Comprehensive Income (Loss)" for further details.

(6) During the first quarter of 2018, we received $330.0 million from ABI, of which $328.0 million constituted a purchase price adjustment (the "Adjustment Amount"), related to the Miller International Business which was acquired in our acquisition of the remaining portion of MillerCoors which occurred on October 11, 2016. As this settlement occurred following the finalization of purchase accounting, we recorded the settlement proceeds related to the Adjustment Amount as a gain within special items, net in our consolidated statement of operations in our Corporate segment and within cash provided by operating activities in our consolidated statement of cash flows for the year ended December 31, 2018.

Restructuring Activities

On October 28, 2019, as part of our revitalization plan, we made the determination to establish Chicago, Illinois as our North American operational headquarters, close our existing office in Denver, Colorado and consolidate certain administrative functions into our other existing office locations. In connection with these consolidation activities, certain impacted employees have been extended an opportunity to continue their employment with the company in the new organization and locations and, for those not continuing with the company, certain of such employees have been asked to provide transition assistance and offered severance and retention packages in connection with their termination of service. The company expects the costs associated with the restructuring to be substantially recognized by the end of fiscal year 2021. After taking into account all changes in each of the business units, including Europe, the plan is expected to reduce employment levels, in aggregate, by approximately 500 to 600 employees globally.

In connection with these consolidation activities and related organizational and personnel changes, we currently expect to incur certain cash and non-cash restructuring charges related to employee relocation, severance, retention and transition costs, non-cash asset related costs, lease exit costs in connection with our office lease in Denver, Colorado, and other transition activities estimated in the range of approximately $120 million to $180 million in the aggregate, the majority of which will be cash charges that we began recognizing in the fourth quarter of 2019, and will be further spread through the balance of fiscal years 2020 and 2021. In 2019, we recognized aggregate impairment losses of $2.1 million related to the closure of the Denver, Colorado office facility, including a $1.1 million impairment of the associated lease right-of-use asset. Additionally, in 2019 we recognized severance and retention charges of $41.2 million, of which, approximately $40 million remained accrued as of December 31, 2019. Actual severance and retention costs related to this restructuring, which are primarily being recognized ratably over the employees' required future service period, may differ from original estimates based on actual employee turnover levels prior to achieving severance and retention eligibility requirements. Employee relocation charges are recognized in the period incurred and were immaterial in 2019.

Separately, during the third quarter of 2018, we initiated global restructuring activities primarily in the U.S. in order to align our cost base with our scale of business. As a result, we reduced U.S. employment levels by approximately 300 employees in the fourth quarter of 2018. Severance costs related to these restructuring activities were recorded as special items in our consolidated statements of operations.

We continually evaluate our cost structure and seek opportunities for further efficiencies and cost savings as part of ongoing and new initiatives. As such, we may incur additional restructuring related charges or adjustments to previously recorded charges in the future, however, we are unable to estimate the amount of charges at this time.

The accrued restructuring balances as of December 31, 2019 represent expected future cash payments required to satisfy our remaining obligations, the majority of which we expect to be paid in the next 12 months.

	U.S.	Canada	Europe	International	Corporate	Total
	(In millions)					
Balance as of December 31, 2016	$ 5.1	$ 5.9	$ 2.8	$ 0.2	$ 0.7	$ 14.7
Charges incurred and changes in estimates	0.8	—	0.1	1.6	0.1	2.6
Payments made	(5.3)	(1.9)	(1.3)	(1.6)	(0.8)	(10.9)
Foreign currency and other adjustments	—	0.3	0.2	—	—	0.5
Balance as of December 31, 2017	$ 0.6	$ 4.3	$ 1.8	$ 0.2	$ —	$ 6.9
Charges incurred and changes in estimates	29.6	(0.7)	2.2	2.2	1.4	34.7
Payments made	(8.6)	(2.0)	(3.3)	(1.8)	(0.1)	(15.8)
Foreign currency and other adjustments	—	(0.1)	(0.1)	—	—	(0.2)
Balance as of December 31, 2018	$ 21.6	$ 1.5	$ 0.6	$ 0.6	$ 1.3	$ 25.6
Charges incurred and changes in estimates	18.3	10.4	9.0	2.5	12.2	52.4
Payments made	(23.3)	(0.6)	(5.1)	(0.7)	(1.4)	(31.1)
Foreign currency and other adjustments	—	0.2	—	—	—	0.2
Balance as of December 31, 2019	$ 16.6	$ 11.5	$ 4.5	$ 2.4	$ 12.1	$ 47.1

8. Stockholders' Equity

Changes to the number of shares of capital stock issued were as follows:

	Common stock issued		Exchangeable shares issued	
	Class A	Class B	Class A	Class B
	(Share amounts in millions)			
Balance as of December 31, 2016	2.6	203.7	2.9	15.2
Shares issued under equity compensation plans	—	0.5	—	—
Shares exchanged for common stock	—	0.5	—	(0.5)
Balance as of December 31, 2017	2.6	204.7	2.9	14.7
Shares issued under equity compensation plans	—	0.7	—	—
Shares exchanged for Class B exchangeable shares	—	—	(0.1)	0.1
Balance as of December 31, 2018	2.6	205.4	2.8	14.8
Shares issued under equity compensation plans	—	0.2	—	—
Shares exchanged for common stock	—	0.1	—	(0.1)
Shares exchanged for Class B exchangeable shares	—	—	(0.1)	0.1
Balance as of December 31, 2019	2.6	205.7	2.7	14.8

Exchangeable Shares

The Class A exchangeable shares and Class B exchangeable shares were issued by Molson Coors Canada Inc. ("MCCI"), a wholly-owned subsidiary of the Company. The exchangeable shares are substantially the economic equivalent of the corresponding shares of Class A and Class B common stock that a Molson shareholder would have received in the merger of Adolph Coors Company with Molson Inc. in February 2005, if the holder had elected to receive shares of Molson Coors common stock. Exchangeable shareholders receive the CAD equivalent of dividends declared on Class A and B common stock on the date of declaration. Holders of exchangeable shares also receive, through a voting trust, the benefit of Molson Coors voting rights, entitling the holder to one vote on the same basis and in the same circumstances as one corresponding share of Molson Coors common stock.

Voting Rights

Each holder of record of Class A common stock, Class B common stock, Class A exchangeable shares and Class B exchangeable shares is entitled to one vote for each share held, without the ability to cumulate votes on the election of directors. Our Class B common stock has fewer voting rights than our Class A common stock and holders of our Class A common stock have the ability to effectively control or have a significant influence over company actions requiring stockholder approval. Specifically, holders of Class B common stock voting together as a single class have the right to elect three directors of the Molson Coors Board of Directors, as well as the right to vote on certain additional matters as outlined in the Restated Certificate of Incorporation (as amended, the "Certificate"), such as merger agreements that require approval under applicable law, sales of all or substantially all of the our assets to unaffiliated third parties, proposals to dissolve MCBC, and certain amendments to the Certificate that require approval under applicable law, each as further described and limited by the Certificate. The Certificate also provides that holders of Class A common stock and Class B common stock shall vote together as a single class, on an advisory basis, on any proposal to approve the compensation of MCBC's named executive officers.

Conversion Rights

The Certificate provides for the right of holders of Class A common stock to convert their stock into Class B common stock on a one-for-one basis at any time. The exchangeable shares are exchangeable at any time, at the option of the holder on a one-for-one basis for corresponding shares of Molson Coors common stock. Therefore, a portion of our authorized and unissued Class A and Class B common shares are reserved to meet exchange requirements.

9. Properties

	As of	
	December 31, 2019	December 31, 2018
	(In millions)	
Land and improvements	$ 417.0	$ 369.3
Buildings and improvements	1,025.8	953.6
Machinery and equipment	4,540.9	4,095.0
Returnable containers	386.7	403.4
Furniture and fixtures	264.6	361.1
Software	468.1	445.0
Natural resource properties	3.8	3.8
Construction in progress	444.2	535.9
Total properties cost	7,551.1	7,167.1
Less: accumulated depreciation	(3,004.6)	(2,558.8)
Properties, net	$ 4,546.5	$ 4,608.3

Depreciation expense was $637.8 million, $633.4 million and $590.7 million in 2019, 2018 and 2017, respectively. Loss and breakage expense related to our returnable containers, included in the depreciation expense amounts noted above, was $48.8 million, $48.4 million and $46.9 million in 2019, 2018 and 2017, respectively, and is classified within cost of goods sold in the consolidated statements of operations. Additionally, the previously mentioned depreciation expense for 2019, 2018 and 2017 includes accelerated depreciation of $31.7 million, $30.7 million and $20.5 million respectively, primarily associated with brewery closures, and is classified within special items in the consolidated statements of operations. See Note 7, "Special Items" for further discussion as well as details around facility closures.

10. Goodwill and Intangible Assets

	U.S.	Canada	Europe	International	Consolidated
			(In millions)		
Balance as of December 31, 2017	$ 5,928.5	$ 932.1	$ 1,538.0	$ 6.9	$ 8,405.5
Adjustments to preliminary purchase price allocation	—	(2.8)	—	—	(2.8)
Business acquisition	—	—	10.3	—	10.3
Foreign currency translation	—	(72.7)	(78.9)	(0.6)	(152.2)
Balance as of December 31, 2018	$ 5,928.5	$ 856.6	$ 1,469.4	$ 6.3	$ 8,260.8
Impairments	—	(668.3)	—	(6.1)	(674.4)
Foreign currency translation	—	29.8	15.4	(0.2)	45.0
Balance as of December 31, 2019	$ 5,928.5	$ 218.1	$ 1,484.8	$ —	$ 7,631.4

Accumulated impairment losses related to our reporting units with remaining goodwill balances as of December 31, 2019 totals $668.3 million.

The following table presents details of our intangible assets, other than goodwill, as of December 31, 2019:

	Useful life	Gross	Accumulated amortization	Net
	(Years)		(In millions)	
Intangible assets subject to amortization:				
Brands	10 - 50	$ 5,036.3	$ (865.1)	$ 4,171.2
License agreements and distribution rights	15 - 20	202.0	(90.6)	111.4
Other	3 - 40	124.0	(39.4)	84.6
Intangible assets not subject to amortization:				
Brands	Indefinite	8,172.4	—	8,172.4
Distribution networks	Indefinite	778.8	—	778.8
Other	Indefinite	337.6	—	337.6
Total		$ 14,651.1	$ (995.1)	$ 13,656.0

The following table presents details of our intangible assets, other than goodwill, as of December 31, 2018:

	Useful life	Gross	Accumulated amortization	Net
	(Years)		(In millions)	
Intangible assets subject to amortization:				
Brands	10 - 50	$ 4,988.0	$ (682.4)	$ 4,305.6
License agreements and distribution rights	15 - 28	220.2	(95.7)	124.5
Other	2 - 40	129.2	(32.2)	97.0
Intangible assets not subject to amortization:				
Brands	Indefinite	8,169.9	—	8,169.9
Distribution networks	Indefinite	741.8	—	741.8
Other	Indefinite	337.6	—	337.6
Total		$ 14,586.7	$ (810.3)	$ 13,776.4

The changes in the gross carrying amounts of intangible assets from December 31, 2018 to December 31, 2019 are driven, in part, by the impairment losses recognized during the third quarter of 2019 related to the *Grolsch* brand and distribution agreement definite-lived intangible assets discussed in Note 4, "Investments" and the brand intangible asset related to our India business discussed below, along with the impact of foreign exchange rates, as a significant amount of intangible assets are denominated in foreign currencies.

Based on foreign exchange rates as of December 31, 2019, the estimated future amortization expense of intangible assets is as follows:

Year	Amount
	(In millions)
2020	$ 216.7
2021	210.5
2022	208.4
2023	205.4
2024	205.4

Amortization expense of intangible assets was $221.2 million, $224.1 million, and $222.1 million for the years ended December 31, 2019, December 31, 2018 and December 31, 2017, respectively. This expense is primarily presented within marketing, general and administrative expenses in our consolidated statements of operations.

Interim Impairment Assessment

We identified a triggering event requiring an interim impairment assessment of the goodwill within our Canada reporting unit at the end of the third quarter of 2019, which resulted in a goodwill impairment loss of $668.3 million. The goodwill impairment trigger was the result of continued challenges and steepening declines within the Canadian beer industry reflected in the prolonged weakened performance of the Canada reporting unit through the third quarter of 2019. These performance headwinds have been countered, in part, by the benefit of the recent interest rate environment, which resulted in a decrease in the risk-free rate included in our current year discount rate calculations. Specifically, the discount rate used in developing our interim fair value estimate for the Canada reporting unit was 8.50%, as compared to 9.25% used as of the October 1, 2018 annual testing date. However, the performance declines and increased challenges within the beer industry in Canada, coupled with significant increases in cost inflation, volume deleverage, and resulting margin erosion, has had a material adverse impact on the expected future cash flows utilized in the valuation approaches for the Canada reporting unit, such that it was determined that the fair value of the reporting unit was more likely than not reduced below its carrying amount during the third quarter of 2019. As a result of this triggering event, we performed an interim quantitative analysis, using a combination of discounted cash flow analyses and market-based approaches, consistent with our annual impairment testing, in which it was determined that the carrying value of the Canada reporting unit exceeded its fair value by $668.3 million.

We also evaluated the indefinite-lived and definite-lived intangible assets within our Canada reporting unit, prior to recording the goodwill impairment, and concluded that no impairments were required; however, the *Coors Light* distribution agreement indefinite-lived intangible asset is considered to be at risk of future impairment as further discussed below.

Separately, during the third quarter of 2019 we also identified an interim triggering event related to goodwill within our India reporting unit resulting from significant declines in performance in the current year, coupled with the continuation of challenging business conditions, which required us to perform an interim quantitative impairment analysis at the end of the third quarter of 2019. As a result of this interim analysis, we determined that the carrying value of the India reporting unit exceeded its fair value, resulting in an aggregate impairment loss of $12.2 million related to the goodwill of our India reporting unit and a definite-lived brand intangible asset.

Annual Impairment Assessment

We completed our required annual goodwill and indefinite-lived intangible asset impairment testing as of October 1, 2019, the first day of our fourth quarter, and concluded there were no additional impairments of goodwill within any of our reporting units. Further, there were no impairments of our other indefinite-lived intangible assets as a result of the annual review process.

Reporting Units and Goodwill

As of the date of our impairment test, the operations in each of the specific regions within our U.S., Canada, Europe and International segments are considered components based on the availability of discrete financial information and the regular review by segment management. We have concluded that the components within the U.S., Canada and Europe segments each meet the criteria of having similar economic characteristics and therefore have aggregated these components into the U.S., Canada and Europe reporting units, respectively. Additionally, we determined that the components within our International segment do not meet the criteria for aggregation, and therefore, the operations of our India business constitute a separate reporting unit at the component level. As the changes in management structure resulting from the revitalization plan were not effective until January 1, 2020, potential changes to our reporting units, if any, have not yet been evaluated and concluded. See Note 1, "Basis of Presentation and Summary of Significant Accounting Policies" for further discussion of our determination of reporting units for purposes of goodwill impairment testing.

The fair value of the U.S., Europe and Canada reporting units were estimated at approximately 17%, 12% and 0% in excess of carrying value, respectively, as of the October 1, 2019 testing date. In the current year testing, it was determined that the fair value of the U.S. and Canada reporting units declined during the year, while there was a slight increase in the fair value of the Europe reporting unit versus the prior year. As a result of our testing, the Europe and Canada reporting units continue to be considered at risk of impairment. The decline in fair value of the U.S. and Canada reporting units in the current year is largely due to weakening of the overall North American beer market in 2019, which adversely impacted the results of our impairment testing. These challenges were partially offset by the benefits to our discount rate as a result of the recent interest rate environment. Specifically, the discount rate used in developing our annual fair value estimates for the U.S., Europe and Canada reporting units in the current year was 8.50% for all reporting units, based on market-specific factors, as compared to 9.00%, 9.50% and 9.25%, respectively used as of the October 1, 2018 annual testing date. In the U.S. reporting unit, industry driven declines negatively impacted brand volumes as compared to 2018; however these headwinds were partially offset by continued investment behind above premium brands and innovation benefiting management's forward-looking plans. In the Europe reporting unit, while weather and tourism-related headwinds had an adverse impact on current year brand volumes, forward-looking plans continue to focus on management's premiumization agenda, which is positively impacting the forecasted future cash flows of the reporting unit. Following the interim goodwill impairment charge recorded during the third quarter of 2019 within the Canada reporting unit, the fair value of the Canada reporting unit was reduced to its carrying value. No further deterioration in value was identified in the fourth quarter testing, and therefore, the fair value of the Canada reporting unit goodwill equals its carrying value as of the October 1, 2019 testing date. As a result of the interim goodwill impairment charge within the India reporting unit, the goodwill balance was reduced to zero and is no longer subject to evaluation for impairment on a go-forward basis.

Although the fair value of each of our reporting units was determined to be either equal to or in excess of its respective carrying value as of the October 1, 2019, testing date, the fair value determinations are sensitive to further unfavorable changes in forecasted cash flows, macroeconomic conditions, market multiples or discount rates that could negatively impact future analyses. The key assumptions used to derive the estimated fair values of our reporting units represent Level 3 measurements.

Indefinite-Lived Intangible Assets

The *Coors* and *Miller* indefinite-lived brands in the U.S. continue to be sufficiently in excess of their respective carrying values as of the annual testing date.

The fair value of the indefinite-lived *Coors Light* brand distribution rights in Canada is considered to be at risk of future impairment with a fair value estimated at approximately 11% in excess of its carrying value as of the annual testing date. The fair value decline of the *Coors Light* brand distribution rights versus the prior year was a result of continued volume declines through 2019. The performance deterioration in the current year follows the goodwill impairment charge that was taken in the third quarter of 2019 that resulted from prolonged Canada beer industry declines.

The fair values of our indefinite-lived intangible assets in Europe, including the *Staropramen* and *Carling* brands, continue to be sufficiently in excess of their respective carrying values as of the annual testing date.

We utilized Level 3 fair value measurements in our impairment analysis of certain indefinite-lived intangible brand assets, including the *Coors* and *Miller* brands in the U.S., the *Staropramen* brand in Europe and the *Coors Light* brand distribution rights in Canada, which utilizes an excess earnings approach to determine the fair values of these assets as of the testing date. The future cash flows used in the analysis are based on internal cash flow projections based on our long range plans and include significant assumptions by management as noted below. Separately, we performed qualitative assessments of certain indefinite-lived intangible assets, including the *Carling* brand in Europe and water rights in the U.S., to determine whether it was more likely than not that the fair values of these assets were greater than their respective carrying amounts. Based on the qualitative assessments, we determined that a full quantitative analysis was not necessary.

Key Assumptions

As of the date of our annual impairment test, performed as of October 1, the Europe and Canada reporting unit goodwill balances are at risk of future impairment in the event of significant unfavorable changes in the forecasted cash flows (including prolonged weakening of economic conditions, or significant unfavorable changes in tax, environmental or other regulations, including interpretations thereof), terminal growth rates, market multiples and/or weighted-average cost of capital utilized in the discounted cash flow analyses. For testing purposes of our reporting units, management's best estimates of the expected future results are the primary driver in determining the fair value. Current projections used for our Canada reporting unit testing reflect continued challenges within the beer industry in Canada adversely impacting the projected cash flows of the business. Current projections used for our Europe reporting unit incorporate volume and revenue growth driven by management's premiumization agenda, slightly off-set by adverse impacts to cash flows in 2019 generated by underperformance of brand volumes driven by external factors such as weather and tourism-related activity. Challenges in both Canada and Europe were partially offset by the benefits to our discount rate as a result of the recent interest rate environment.

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors. As a result, there can be no assurance that the estimates and assumptions made for purposes of the annual goodwill and indefinite-lived intangible impairment tests will prove to be an accurate prediction of the future. Examples of events or circumstances that could reasonably be expected to negatively affect the underlying key assumptions and ultimately impact the estimated fair value of our reporting units and indefinite-lived intangible assets may include such items as: (i) a decrease in expected future cash flows, specifically, a decrease in sales volume and increase in costs that could significantly impact our immediate and long-range results, a decrease in sales volume driven by a prolonged weakness in consumer demand or other competitive pressures adversely affecting our long-term volume trends, a continuation of the trend away from core brands in certain of our markets, especially in markets where our core brands represent a significant portion of the market, unfavorable working capital changes and an inability to successfully achieve our cost savings targets, (ii) adverse changes in macroeconomic conditions or an economic recovery that significantly differs from our assumptions in timing and/or degree (such as a recession), (iii) volatility in the equity and debt markets or other country specific factors which could result in a higher weighted-average cost of capital, (iv) sensitivity to market multiples; and (v) regulation limiting or banning the manufacturing, distribution or sale of alcoholic beverages.

Based on known facts and circumstances, we evaluate and consider recent events and uncertain items, as well as related potential implications, as part of our annual assessment and incorporate into the analyses as appropriate. These facts and circumstances are subject to change and may impact future analyses. For example, we continue to monitor the challenges within the beer industry for further weakening or additional systemic structural declines. Separately, the Ontario provincial government adopted a bill that, if enacted, could adversely impact the existing terms of the beer distribution and retail systems in the province, as further described in Note 18, "Commitments and Contingencies".

While historical performance and current expectations have resulted in fair values of our reporting units and indefinite-lived intangible assets equal to or in excess of carrying values, if our assumptions are not realized, it is possible that an impairment charge may need to be recorded in the future.

Definite-Lived Intangible Assets

Regarding definite-lived intangible assets, we continuously monitor the performance of the underlying assets for potential triggering events suggesting an impairment review should be performed. With the exception of the impairment losses related to the *Grolsch* brand and distribution agreement definite-lived intangible assets discussed in Note 4, "Investments" and the brand intangible asset related to our India business discussed above, no such triggering events were identified in 2019, 2018 or 2017.

11. Debt

Debt Obligations

	As of	
	December 31, 2019	December 31, 2018
	(In millions)	
Senior notes:		
CAD 500 million 2.75% notes due September 2020[1]	$ 384.9	$ 366.6
CAD 500 million 2.84% notes due July 2023[2]	384.9	366.6
CAD 500 million 3.44% notes due July 2026[1][2]	384.9	366.6
$500 million 1.45% notes due July 2019[2]	—	500.0
$500 million 1.9% notes due March 2019[3]	—	499.8
$500 million 2.25% notes due March 2020[3]	499.8	499.0
$1.0 billion 2.1% notes due July 2021[2]	1,000.0	1,000.0
$500 million 3.5% notes due May 2022[4]	506.5	509.3
$2.0 billion 3.0% notes due July 2026[2]	2,000.0	2,000.0
$1.1 billion 5.0% notes due May 2042[4]	1,100.0	1,100.0
$1.8 billion 4.2% notes due July 2046[2]	1,800.0	1,800.0
EUR 500 million notes due March 2019[3]	—	573.4
EUR 800 million 1.25% notes due July 2024[2]	897.0	917.4
Finance leases and other[5]	129.5	43.0
Less: unamortized debt discounts and debt issuance costs	(56.7)	(64.8)
Total long-term debt (including current portion)	9,030.8	10,476.9
Less: current portion of long-term debt	(921.3)	(1,583.1)
Total long-term debt	$ 8,109.5	$ 8,893.8
Short-term borrowings:		
Other short-term borrowings[6]	$ 6.9	$ 11.4
Current portion of long-term debt	921.3	1,583.1
Current portion of long-term debt and short-term borrowings	$ 928.2	$ 1,594.5

(1) Prior to Molson Coors International, L.P., a Delaware limited partnership and wholly-owned subsidiary of MCBC ("Molson Coors International L.P."), issuing our CAD 500 million 2.75% notes due September 18, 2020 (the "2015 Notes"), on September 18, 2015, we entered into forward starting interest rate swap agreements to hedge the interest rate volatility for a 10 year period. We settled these swaps at the time of issuance of the 2015 Notes and are amortizing a portion of the resulting loss from AOCI to interest expense over the remaining term of the 2015 Notes as well as over a portion of the 2016 Notes defined below up to the full 10-year term of the interest rate swap agreements. The amortizing loss will increase our effective cost of borrowing compared to the stated coupon rates by 0.65% and 0.60% on each of the CAD 500 million notes due in 2020 and 2026, respectively. See Note 16, "Derivative Instruments and Hedging Activities" for further details on the forward starting interest rate swaps.

(2) On July 7, 2016, MCBC issued approximately $5.3 billion senior notes with portions maturing from July 15, 2019 through July 15, 2046 ("2016 USD Notes"), and EUR 800.0 million senior notes maturing July 15, 2024 ("2016 EUR Notes"), and Molson Coors International L.P., completed a private placement of CAD 1.0 billion senior notes maturing July 15, 2023, and July 15, 2026 ("2016 CAD Notes"), in order to partially fund the financing of the Acquisition (2016 USD Notes, 2016 EUR Notes and 2016 CAD Notes, collectively, the "2016 Notes"). These issuances resulted in total proceeds of approximately $6.9 billion, net of underwriting fees and discounts of $36.5 million and $17.7 million, respectively. Total debt issuance costs capitalized in connection with these notes including underwriting fees, discounts and other financing related costs, were approximately $65 million and are being amortized over the respective terms of the 2016 Notes. The 2016 Notes began accruing interest upon issuance, with semi-annual payments due on the 2016 USD Notes and 2016 CAD Notes in January and July beginning in 2017, and annual interest payments due on the

2016 EUR Notes in July beginning in 2017. During the third quarter of 2019, we repaid the $500 million 1.45% notes which matured in July 2019.

As of December 31, 2019, we have cross currency swaps in order to hedge a portion of the foreign currency translational impacts of our European investment. As a result of the swaps, we have economically converted a portion of our $1.0 billion 2.1% senior notes due 2021 and associated interest to EUR denominated, which will result in a EUR interest rate to be received of 0.71%. See Note 16, "Derivative Instruments and Hedging Activities" for further details.

(3) On March 15, 2017, MCBC issued approximately $1.5 billion of senior notes, consisting of $500 million 1.9% senior notes due March 15, 2019, and $500 million 2.25% senior notes due March 15, 2020 (collectively, the "2017 USD Notes") and EUR 500 million floating rate senior notes due March 15, 2019 ("2017 EUR Notes") (2017 USD Notes and 2017 EUR Notes, collectively, the "2017 Notes"). We bear quarterly interest on the 2017 EUR Notes at the rate of 0.35% plus three-month EURIBOR. These issuances resulted in total proceeds of approximately $1.5 billion, net of underwriting fees and discounts of $3.1 million and $0.7 million, respectively. Total debt issuance costs capitalized in connection with these notes, including underwriting fees, discounts and other financing related costs, were $6.1 million and are being amortized over the respective terms of the 2017 Notes. The 2017 Notes began accruing interest upon issuance, with quarterly payments due on the 2017 EUR Notes beginning June 15, 2017, and semi-annual payments due on the 2017 USD Notes beginning September 15, 2017. During the first quarter of 2019, we repaid the $500 million 1.9% senior notes and EUR 500 million floating rate senior notes.

In the first quarter of 2017, we entered into interest rate swaps to economically convert our fixed rate 2017 USD Notes to floating rate debt. As a result of these hedge programs, the carrying value of the $500 million 1.9% notes and $500 million 2.25% notes were adjusted for fair value movements attributable to the benchmark interest rate. During the fourth quarter of 2017, we settled these interest rate swaps, at which time we ceased adjusting the carrying value of the 2017 USD Notes for the fair value of these swaps. At the time of termination, cumulative adjustments to the carrying value of the notes were losses of $1.6 million on the $500 million 1.9% notes and $1.9 million on the $500 million 2.25% notes. Beginning in the fourth quarter of 2017, we began amortizing these cumulative adjustments to interest expense over the remaining term of each respective note and will accordingly increase the annual effective interest rate for the $500 million 1.9% notes and $500 million 2.25% notes for the remaining term of the notes by 0.24% and 0.17%, respectively. The fair value adjustments and subsequent amortization have been excluded from the aggregate principal debt maturities table presented below.

As of December 31, 2019, we have cross currency swaps in order to hedge a portion of the foreign currency translational impacts of our European investment. As a result of the swaps, we have economically converted our $500 million 2.25% notes due 2020 and associated interest to EUR denominated, which result in a EUR interest rate to be received of 0.68%. See Note 16, "Derivative Instruments and Hedging Activities" for further details.

Prior to issuing the 2017 EUR Notes, we entered into foreign currency forward agreements to economically hedge the foreign currency exposure of a portion of the respective notes, which were subsequently settled on March 15, 2017, concurrent with the issuance of the 2017 EUR Notes. Additionally, upon issuance we designated the 2017 EUR Notes as a net investment hedge of our Europe business. See Note 16, "Derivative Instruments and Hedging Activities" for further details.

(4) On May 3, 2012, we issued approximately $1.9 billion of senior notes with portions maturing in 2017, 2022 and 2042. The issuance resulted in total proceeds, before expenses, of approximately $1.9 billion, net of underwriting fees and discounts of $14.7 million and $4.6 million, respectively. Total debt issuance costs capitalized in connection with these senior notes, including the underwriting fees and discounts, were approximately $18.0 million and are being amortized over the term of the notes.

During 2014, we entered into interest rate swaps to economically convert our fixed rate $500 million 3.5% notes due 2022 ("$500 million notes") to floating rate debt. As a result of fair value hedge accounting, the carrying value of the $500 million notes included a cumulative adjustment for the change in fair value of $18.1 million at the time of termination of the swaps. Beginning in the fourth quarter of 2015, we began amortizing this cumulative adjustment to interest expense over the remaining term of the $500 million notes and will accordingly decrease the annual effective interest rate for the remaining term by 0.56%. The fair value adjustments and subsequent amortization have been excluded from the aggregate principal debt maturities table presented below.

(5) As of January 1, 2019, we reclassified approximately $3 million and $82 million of short-term and long-term finance lease liabilities from accounts payable and other current liabilities and other non-current liabilities to current portion of long-term debt and short-term borrowings and long-term debt, respectively, in connection with our adoption of the new lease accounting standard. See Note 2, "New Accounting Pronouncements" for further details.

(6) As of December 31, 2019, we had $1.1 million in bank overdrafts and $55.0 million in bank cash related to our cross-border, cross-currency cash pool for a net positive position of $53.9 million. As of December 31, 2018, we had $1.1 million in bank overdrafts and $88.9 million in bank cash related to our cross-border, cross-currency cash pool for a net positive position of $87.8 million.

We had total outstanding borrowings of $2.8 million and $7.3 million under our JPY facilities as of December 31, 2019 and December 31, 2018, respectively. In addition, we have USD, GBP and CAD overdraft facilities under which we had no outstanding borrowings as of December 31, 2019 or December 31, 2018. A summary of our short-term facility availability is presented below. See Note 18, "Commitments and Contingencies" for further discussion related to letters of credit.

- JPY 1.3 billion line of credit at Japan TIBOR plus 0.30%
- JPY 100 million overdraft facility at Japan short-term Prime rate
- CAD unlimited overdraft facility at CAD Prime +3.95%
- GBP 20 million overdraft facility at GBP base rate plus 1.5%
- USD 5 million overdraft facility at USD Prime plus 5%

Debt Fair Value Measurements

We utilize market approaches to estimate the fair value of certain outstanding borrowings by discounting anticipated future cash flows derived from the contractual terms of the obligations and observable market interest and foreign exchange rates. As of December 31, 2019 and December 31, 2018, the fair value of our outstanding long-term debt (including current portion of long-term debt) was approximately $9.2 billion and $9.9 billion, respectively. All senior notes are valued based on significant observable inputs and classified as Level 2 in the fair value hierarchy. The carrying values of all other outstanding long-term borrowings and our short-term borrowings approximate their fair values and are also classified as Level 2 in the fair value hierarchy.

Revolving Credit Facility

We maintain a $1.5 billion revolving credit facility, that also allows us to issue a maximum aggregate amount of commercial paper of $1.5 billion at any time. We use this financing from time to time to leverage cash needs including debt repayments. As of December 31, 2019 and December 31, 2018, we had $1.5 billion available to draw under our $1.5 billion revolving credit facility, which we extended the maturity date in the current year to July 7, 2024, as there were no outstanding revolving credit facility or commercial paper borrowings.

The maximum leverage ratio of this facility as of December 31, 2019 is 4.25x net debt to EBITDA, with a decline to 4.00x net debt to EBITDA as of the last day of the fiscal quarter ending December 31, 2020.

Under the terms of each of our debt facilities, we must comply with certain restrictions. These include customary events of default and specified representations, warranties and covenants, as well as covenants that restrict our ability to incur certain additional priority indebtedness (certain thresholds of secured consolidated net tangible assets), certain leverage threshold percentages, create or permit liens on assets, and restrictions on mergers, acquisitions, and certain types of sale lease-back transactions. As of December 31, 2019 and December 31, 2018, we were in compliance with all of these restrictions and have met all debt payment obligations. All of our outstanding senior notes as of December 31, 2019 rank pari-passu.

As of December 31, 2019, the aggregate principal debt maturities of long-term debt and short-term borrowings, based on foreign exchange rates as of December 31, 2019, for the next 5 years are as follows:

Year	Amount (In millions)
2020	$ 897.2
2021	1,005.2
2022	505.0
2023	389.7
2024	901.6
Thereafter	5,294.9
Total	$ 8,993.6

The aggregate principal debt maturities in the table above excludes finance leases which are disclosed in Note 19, "Leases."

Interest

	For the years ended		
	December 31, 2019	December 31, 2018	December 31, 2017
	(In millions)		
Interest incurred	$ 289.2	$ 311.7	$ 351.8
Interest capitalized	(8.3)	(5.5)	(2.5)
Interest expensed	$ 280.9	$ 306.2	$ 349.3

12. Inventories

	As of	
	December 31, 2019	December 31, 2018
	(In millions)	
Finished goods	$ 236.7	$ 229.8
Work in process	84.0	83.4
Raw materials	227.1	224.3
Packaging materials	68.1	54.3
Inventories, net	$ 615.9	$ 591.8

13. Share-Based Payments

We have one share-based compensation plan, the MCBC Incentive Compensation Plan (the "Incentive Compensation Plan"), as of December 31, 2019 and all outstanding awards fall under this plan.

MCBC Incentive Compensation Plan

We issue the following types of awards related to shares of Class B common stock to certain directors, officers, and other eligible employees, pursuant to the Incentive Compensation Plan: RSUs, DSUs, PSUs, and stock options.

RSU awards are issued based upon the market value equal to the price of our stock at the date of the grant and vest over a period of three years. In 2019, 2018 and 2017, we granted 0.5 million, 0.4 million and 0.3 million RSUs, respectively, with a weighted-average market value of $55.03, $72.78 and $92.02 each, respectively. Prior to vesting, RSUs have no voting rights.

DSU awards, under the Directors' Stock Plan pursuant to the Incentive Compensation Plan, are elections made by non-employee directors of MCBC that enable them to receive all or one-half of their annual cash retainer payments in our stock. The deferred stock unit awards are issued at the market value equal to the closing price on the date of the grant. The DSUs are paid in shares of stock upon termination of service. Prior to vesting, DSUs have no voting rights. In 2019, 2018 and 2017, we granted a small number of DSUs with a weighted-average market value of $56.68, $64.48 and $86.06 per share, respectively.

As part of our annual grant in the first quarter of 2019, 2018 and 2017, we granted PSUs. PSUs are granted with a target value established at the date of grant and vest upon completion of a service requirement. The settlement amount of the PSUs is determined based on market and performance metrics, which include our total shareholder return performance relative to the stock market index defined by each award and specified internal performance metrics designed to drive greater shareholder return. PSU compensation expense is based on a fair value assigned to the market metric upon grant using a Monte Carlo model, which remains constant throughout the vesting period of three years and a performance multiplier, which will vary due to changing estimates of the performance metric condition. During 2019, 2018 and 2017, we granted 0.3 million, 0.2 million and 0.2 million PSUs, respectively, each with a weighted-average fair value of $53.31, $78.30 and $97.13, respectively.

Stock options are granted with an exercise price equal to the market value of a share of Class B common stock on the date of grant. Stock options have a term of ten years and generally vest over three years. During 2019, 2018 and 2017, we granted 0.4 million, 0.2 million and 0.2 million options, respectively, each with a weighted-average fair value of $9.20, $15.44 and $18.66, respectively.

	For the years ended		
	December 31, 2019	December 31, 2018	December 31, 2017
		(In millions)	
Pretax share-based compensation expense(1)	$ 8.5	$ 42.6	$ 58.3
Tax benefit	(1.6)	(6.9)	(11.1)
After-tax share-based compensation expense	$ 6.9	$ 35.7	$ 47.2

(1) The decrease in share-based compensation expense in 2019 was primarily driven by the reversal of cumulative compensation expense previously recognized for our 2018 and 2017 PSU awards as the achievement of the performance conditions are no longer deemed probable for the respective performance periods, as well as the impacts of the reversal of expense associated with forfeitures related to the revitalization plan initiated in 2019. Additionally, our share-based compensation expense in 2018 and 2017 also includes expense associated with replacement awards issued in connection with the Acquisition.

As of December 31, 2019, there was $27.5 million of total unrecognized compensation cost from all share-based compensation arrangements granted under the Incentive Compensation Plan, related to unvested awards. This total compensation expense is expected to be recognized over a weighted-average period of 1.9 years.

	RSUs and DSUs		PSUs	
	Units	Weighted-average grant date fair value per unit	Units	Weighted-average grant date fair value per unit
		(In millions, except per unit amounts)		
Non-vested as of December 31, 2018	1.0	$88.53	0.5	$86.85
Granted	0.5	$55.05	0.3	$53.31
Vested	(0.4)	$98.91	(0.1)	$88.01
Forfeited	(0.1)	$71.54	(0.1)	$72.53
Non-vested as of December 31, 2019	1.0	$68.18	0.6	$70.37

The weighted-average fair value per unit for the non-vested PSUs is $21.63 as of December 31, 2019.

The total intrinsic values of RSUs and DSUs vested during 2019, 2018 and 2017 were $23.6 million, $24.8 million and $31.5 million, respectively.

	Stock options			
	Awards	Weighted-average exercise price	Weighted-average remaining contractual life (years)	Aggregate intrinsic value
		(In millions, except per share amounts and years)		
Outstanding as of December 31, 2018	1.3	$70.56	5.2	$ 4.3
Granted	0.4	$60.87		
Exercised	(0.1)	$43.86		
Forfeited	—	—		
Outstanding as of December 31, 2019	1.6	$68.77	3.8	$ 3.1
Expected to vest as of December 31, 2019	0.3	$67.27	8.8	$ —
Exercisable as of December 31, 2019	1.3	$69.09	2.8	$ 3.1

The total intrinsic values of exercises during 2019, 2018 and 2017 were $0.6 million, $9.6 million and $7.0 million, respectively. Total tax benefits realized, including excess tax benefits, from share-based awards vested or exercised was $4.5 million, $8.4 million and $20.2 million, respectively.

The shares of Class B common stock to be issued under the stock option plans are made available from authorized and unissued MCBC Class B common stock. As of December 31, 2019, there were 3.0 million shares of MCBC Class B common stock available for the issuance under the Incentive Compensation Plan.

The fair value of each option granted in 2019, 2018 and 2017 was determined on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	For the years ended		
	December 31, 2019	December 31, 2018	December 31, 2017
Risk-free interest rate	2.46%	2.65%	2.04%
Dividend yield	4.16%	2.08%	1.64%
Volatility range	24.46% - 24.60%	22.36% - 24.14%	22.40% - 22.88%
Weighted-average volatility	24.48%	22.81%	22.52%
Expected term (years)	5.3	5.3	5.1
Weighted-average fair value	$9.20	$15.44	$18.66

The risk-free interest rates utilized for periods throughout the contractual life of the stock options are based on a zero-coupon U.S. Department of Treasury security yield at the time of grant. Expected volatility is based on a combination of historical and implied volatility of our stock. The expected term of stock options is estimated based upon observations of historical employee option exercise patterns and trends of those employees granted options in the respective year.

The fair value of the market metric for each PSU granted in 2019, 2018 and 2017 was determined on the date of grant using a Monte Carlo model to simulate total stockholder return for MCBC and peer companies with the following weighted-average assumptions:

	For the years ended		
	December 31, 2019	December 31, 2018	December 31, 2017
Risk-free interest rate	2.49%	2.34%	1.59%
Dividend yield	4.17%	2.08%	1.64%
Volatility range	13.82% - 42.46%	13.03% - 81.87%	13.71% - 80.59%
Weighted-average volatility	24.97%	22.76%	24.24%
Expected term (years)	2.8	2.8	2.8
Weighted-average fair market value	$53.31	$78.30	$97.13

The risk-free interest rates utilized for periods throughout the expected term of the PSUs are based on a zero-coupon U.S. Department of Treasury security yield at the time of grant. Expected volatility is based on historical volatility of our stock as well as the stock of our peer firms, as shown within the volatility range above, for a period from the grant date consistent with the expected term. The expected term of PSUs is calculated based on the grant date to the end of the performance period.

14. Accumulated Other Comprehensive Income (Loss)

	MCBC stockholders' equity				
	Foreign currency translation adjustments	Gain (loss) on derivative instruments	Pension and Postretirement Benefit adjustments	Equity Method Investments	Accumulated other comprehensive income (loss)
			(In millions)		
As of December 31, 2016 [1]	$ (972.0)	$ 2.6	$ (532.5)	$ (69.9)	$ (1,571.8)
Foreign currency translation adjustments	638.3	—	4.7	—	643.0
Gain (loss) on net investment hedges	(182.6)	—	—	—	(182.6)
Unrealized gain (loss) on derivative instruments	—	(22.7)	—	—	(22.7)
Reclassification of derivative (gain) loss to income	—	2.0	—	—	2.0
Pension and other postretirement benefit adjustments	—	—	181.8	—	181.8
Amortization of net prior service (benefit) cost and net actuarial (gain) loss to income and settlement	—	—	4.4	—	4.4
Ownership share of unconsolidated subsidiaries' other comprehensive income (loss)	—	—	—	14.3	14.3
Tax benefit (expense)	107.8	4.6	(36.9)	(3.9)	71.6
As of December 31, 2017	$ (408.5)	$ (13.5)	$ (378.5)	$ (59.5)	$ (860.0)
Foreign currency translation adjustments	(411.6)	—	(0.6)	—	(412.2)
Reclassification of cumulative translation adjustment to income [2]	6.0	—	—	—	6.0
Gain (loss) on net investment hedges	106.4	—	—	—	106.4
Unrealized gain (loss) on derivative instruments	—	14.5	—	—	14.5
Reclassification of derivative (gain) loss to income	—	3.4	—	—	3.4
Pension and other postretirement benefit adjustments	—	—	55.4	—	55.4
Amortization of net prior service (benefit) cost and net actuarial (gain) loss to income and settlement	—	—	6.5	—	6.5
Ownership share of unconsolidated subsidiaries' other comprehensive income (loss)	—	—	—	(1.0)	(1.0)
Tax benefit (expense)	(51.0)	(4.7)	(13.5)	0.2	(69.0)
As of December 31, 2018	$ (758.7)	$ (0.3)	$ (330.7)	$ (60.3)	$ (1,150.0)
Foreign currency translation adjustments	129.3	—	(2.5)	—	126.8
Gain (loss) on net investment hedges	50.3	—	—	—	50.3
Unrealized gain (loss) on derivative instruments	—	(111.3)	—	—	(111.3)
Reclassification of derivative (gain) loss to income	—	0.6	—	—	0.6
Pension and other postretirement benefit adjustments	—	—	(43.7)	—	(43.7)
Amortization of net prior service (benefit) cost and net actuarial (gain) loss to income and settlement	—	—	26.5	—	26.5
Ownership share of unconsolidated subsidiaries' other comprehensive income (loss)	—	—	—	(14.4)	(14.4)
Tax benefit (expense)	(0.1)	27.0	(2.9)	3.8	27.8
Net current-period other comprehensive income (loss)	179.5	(83.7)	(22.6)	(10.6)	62.6
Reclassification of stranded tax effects (see Note 2)	(73.3)	(3.8)	2.3	—	(74.8)
As of December 31, 2019	$ (652.5)	$ (87.8)	$ (351.0)	$ (70.9)	$ (1,162.2)

(1) Amounts have been adjusted to reflect the retrospective application of a change in presentation. Specifically, the unrealized gain (loss) on outstanding net investment hedge positions was historically presented within the "gain (loss) on derivative instruments" column of this table. Once settled, the realized gain (loss) was reclassified to be presented within the "foreign currency translation adjustments" column. We have retrospectively adjusted this table to present all activity associated with net investment hedge positions within the "foreign currency translation adjustments" column, along with other insignificant presentational reclassifications. These presentational changes had no net impact on our aggregate AOCI balances or our total comprehensive income (loss) amounts on our consolidated statements of comprehensive income (loss) for any period presented. However, we have retrospectively reflected a presentational reclassification of $116.0 million between the foreign currency translation adjustments and unrealized gain (loss) on derivative instruments lines on the consolidated statement of comprehensive income (loss) for the year ended December 31, 2017.

(2) As a result of exiting our China business, the associated cumulative foreign currency translation adjustment was reclassified from AOCI and recognized within special items, net upon substantial liquidation. See Note 7, "Special Items" for further details.

We have significant levels of net assets denominated in currencies other than the USD due to our operations in foreign countries, and therefore we recognize OCI gains and/or losses when those items are translated to USD. The foreign currency translation gains recognized during 2019 were due to the strengthening of the CAD and GBP versus the USD. The foreign currency translation losses recognized during 2018 were due to the weakening of the CAD, GBP and other currencies of our Europe operations versus the USD. The foreign currency translation gains recognized during 2017 were due to the strengthening of the CAD, GBP, and other currencies of our Europe operations versus the USD.

Reclassifications from AOCI to income:

	For the years ended			
	December 31, 2019	**December 31, 2018**	**December 31, 2017**	
	Reclassifications from AOCI (In millions)			**Location of gain (loss) recognized in income**
Gain/(loss) on cash flow hedges:				
Forward starting interest rate swaps	$ (3.0)	$ (3.0)	$ (3.7)	Interest expense, net
Foreign currency forwards	3.1	(0.2)	3.7	Cost of goods sold
Foreign currency forwards	(0.7)	(0.2)	(2.0)	Other income (expense), net
Total income (loss) reclassified, before tax	(0.6)	(3.4)	(2.0)	
Income tax benefit (expense)	0.1	0.9	0.7	
Net income (loss) reclassified, net of tax	$ (0.5)	$ (2.5)	$ (1.3)	
Amortization of defined benefit pension and other postretirement benefit plan items:				
Prior service benefit (cost)	$ (0.4)	$ (0.5)	$ (0.5)	Other pension and postretirement benefits (costs), net
Net actuarial gain (loss) and settlement	(26.1)	(6.0)	(3.9)	Other pension and postretirement benefits (costs), net
Total income (loss) reclassified, before tax	(26.5)	(6.5)	(4.4)	
Income tax benefit (expense)	6.8	1.6	0.8	
Net income (loss) reclassified, net of tax	$ (19.7)	$ (4.9)	$ (3.6)	
Other reclassifications from AOCI to Income:				
China cumulative translation adjustment resulting from substantial liquidation	$ —	$ (6.0)	$ —	Special items, net
Income tax benefit (expense)	—	—	—	
Net income (loss) reclassified, net of tax	$ —	$ (6.0)	$ —	
Total income (loss) reclassified, net of tax	$ (20.2)	$ (13.4)	$ (4.9)	

15. Employee Retirement Plans and Postretirement Benefits

We maintain retirement plans for the majority of our employees. Depending on the location and benefit program, we provide either defined benefit pension or defined contribution pension plans to our employees. Each plan is managed locally and in accordance with respective local laws and regulations. We have defined benefit pension plans in the U.S., U.K., Canada and Japan. All active retirement plans for Corporate employees are defined contribution plans. Additionally, we offer OPEB plans to a portion of our Canadian, U.S., Corporate and Central European employees; these plans are not funded. BRI and BDL maintain defined benefit, defined contribution and postretirement benefit plans as well; however, those plans are excluded from this disclosure as BRI and BDL are equity method investments and not consolidated.

The U.S. participates in and makes contributions to multi-employer pension plans. Contributions to multi-employer pension plans were $7.9 million for both 2019 and 2018, and $7.7 million in 2017. Additionally, the U.S. postretirement health plan qualifies for the federal subsidy under the Medicare Prescription Drug Improvement and Modernization Act of 2003 ("the Act") because the prescription drug benefits provided under the Company's postretirement health plan for Medicare eligible retirees generally require lower premiums from covered retirees and have lower co-payments and deductibles than the benefits provided in Medicare Part D and, accordingly, are actuarially equivalent to or better than the benefits provided under the Act. The benefits paid, including prescription drugs, were $37.6 million, $37.1 million and $36.6 million in 2019, 2018 and 2017, respectively. Subsidies of $0.1 million for 2019, and $0.3 million for both 2018 and 2017, were received.

Defined Benefit and OPEB Plans

Net Periodic Pension and OPEB Cost (Benefit)

	For the years ended								
	December 31, 2019			December 31, 2018			December 31, 2017		
	Pension	OPEB	Consolidated	Pension	OPEB	Consolidated	Pension	OPEB	Consolidated
					(In millions)				
Service cost:									
Service cost	$ 4.0	$ 7.0	$ 11.0	$ 5.5	$ 9.3	$ 14.8	$ 7.7	$ 10.9	$ 18.6
Other pension and postretirement costs (benefits), net:									
Interest cost	161.9	25.5	187.4	161.8	25.8	187.6	205.6	30.6	236.2
Expected return on plan assets, net of expenses	(217.3)	0.5	(216.8)	(232.8)	0.5	(232.3)	(287.9)	0.4	(287.5)
Amortization of prior service cost (benefit)	1.1	(0.7)	0.4	0.7	(0.2)	0.5	0.5	—	0.5
Amortization of net actuarial loss (gain)	10.4	(14.1)	(3.7)	7.6	(1.7)	5.9	12.2	—	12.2
Curtailment, settlement or special termination benefit loss (gain)[(1)]	30.5	—	30.5	0.8	0.1	0.9	(5.4)	(2.9)	(8.3)
Expected participant contributions	(0.7)	—	(0.7)	(0.8)	—	(0.8)	(0.5)	—	(0.5)
Total other pension and postretirement cost (benefits), net	$ (14.1)	$ 11.2	$ (2.9)	$ (62.7)	$ 24.5	$ (38.2)	$ (75.5)	$ 28.1	$ (47.4)
Net periodic pension and OPEB cost (benefit)	$ (10.1)	$ 18.2	$ 8.1	$ (57.2)	$ 33.8	$ (23.4)	$ (67.8)	$ 39.0	$ (28.8)

(1) During the fourth quarter of 2019, we utilized plan assets to purchase buy-out annuity contracts for a portion of our Canadian pension plans and recognized a pension settlement charge of $29.8 million.

Obligations and Changes in Funded Status

	For the year ended December 31, 2019			For the year ended December 31, 2018		
	Pension	OPEB	Total	Pension	OPEB	Total
	(In millions)					
Change in benefit obligation:						
Prior year benefit obligation	$ 4,904.7	$ 672.1	$ 5,576.8	$ 5,584.4	$ 803.6	$ 6,388.0
Service cost, net of expected employee contributions	3.3	7.0	10.3	4.7	9.3	14.0
Interest cost	161.9	25.5	187.4	161.8	25.8	187.6
Actual employee contributions	0.5	—	0.5	0.6	—	0.6
Actuarial loss (gain)	533.4	7.4	540.8	(342.3)	(108.8)	(451.1)
Amendments and special termination benefits	(1.4)	—	(1.4)	10.7	(3.2)	7.5
Benefits paid	(350.6)	(44.1)	(394.7)	(296.8)	(44.1)	(340.9)
Curtailment and settlement	(192.9)	(0.2)	(193.1)	(0.6)	—	(0.6)
Foreign currency exchange rate change	139.7	4.8	144.5	(217.8)	(10.5)	(228.3)
Benefit obligation at end of year	$ 5,198.6	$ 672.5	$ 5,871.1	$ 4,904.7	$ 672.1	$ 5,576.8
Change in plan assets:						
Prior year fair value of assets	$ 5,217.3	$ —	$ 5,217.3	$ 5,897.7	$ —	$ 5,897.7
Actual return on plan assets	712.2	—	712.2	(156.1)	—	(156.1)
Employer contributions	5.1	44.1	49.2	8.9	44.1	53.0
Actual employee contributions	0.5	—	0.5	0.6	—	0.6
Settlement	(192.9)	—	(192.9)	(0.6)	—	(0.6)
Benefits and plan expenses paid	(350.6)	(44.1)	(394.7)	(296.8)	(44.1)	(340.9)
Foreign currency exchange rate change	150.5	—	150.5	(236.4)	—	(236.4)
Fair value of plan assets at end of year	$ 5,542.1	$ —	$ 5,542.1	$ 5,217.3	$ —	$ 5,217.3
Funded status:	$ 343.5	$ (672.5)	$ (329.0)	$ 312.6	$ (672.1)	$ (359.5)
Amounts recognized in the Consolidated Balance Sheets:						
Other non-current assets	$ 434.3	$ —	$ 434.3	$ 416.7	$ —	$ 416.7
Accounts payable and other current liabilities	(4.1)	(42.6)	(46.7)	(4.5)	(45.1)	(49.6)
Pension and postretirement benefits	(86.7)	(629.9)	(716.6)	(99.6)	(627.0)	(726.6)
Net amounts recognized	$ 343.5	$ (672.5)	$ (329.0)	$ 312.6	$ (672.1)	$ (359.5)

The accumulated benefit obligation for our defined benefit pension plans was approximately $5.2 billion and $4.9 billion as of December 31, 2019 and December 31, 2018, respectively. The $30.5 million decrease in the net underfunded status of our aggregate pension and OPEB plans from December 31, 2018 to December 31, 2019, was primarily driven by strong asset returns. Separately, as discussed above, in the fourth quarter of 2019 we purchased buy-out annuity contracts for a portion of our Canadian pension plans resulting in a decrease to our projected benefit obligation and a corresponding reduction to our plan assets.

As of December 31, 2019 and December 31, 2018, our defined benefit plan in the U.K. and certain defined benefit plans in the U.S. and Canada were overfunded as a result of our ongoing de-risking strategy. Information for our defined benefit plans that had aggregate accumulated benefit obligations and projected benefit obligations in excess of plan assets is as follows:

	As of	
	December 31, 2019	December 31, 2018
	(In millions)	
Accumulated benefit obligation	$ 793.6	$ 742.1
Projected benefit obligation	$ 794.0	$ 742.4
Fair value of plan assets	$ 703.2	$ 638.3

Information for OPEB plans with an accumulated postretirement benefit obligation in excess of plan assets has been disclosed above in "Obligations and Changes in Funded Status" as all of our OPEB plans are unfunded.

Accumulated Other Comprehensive Income (Loss)

Amounts recognized in AOCI not yet recognized as components of net periodic pension and OPEB cost, pretax, were as follows:

	As of December 31, 2019			As of December 31, 2018		
	Pension	OPEB	Total	Pension	OPEB	Total
	(In millions)					
Net actuarial loss (gain)	$ 685.7	$ (167.5)	$ 518.2	$ 687.8	$ (191.7)	$ 496.1
Net prior service cost (benefit)	7.1	(4.9)	2.2	10.2	(5.6)	4.6
Total not yet recognized	$ 692.8	$ (172.4)	$ 520.4	$ 698.0	$ (197.3)	$ 500.7

Changes in plan assets and benefit obligations recognized in OCI, pretax, were as follows:

	Pension	OPEB	Total
	(In millions)		
Accumulated other comprehensive loss (income) as of December 31, 2017	$ 646.9	$ (84.9)	$ 562.0
Amortization of prior service (costs) benefit	(0.7)	0.2	(0.5)
Amortization of net actuarial (loss) gain	(7.6)	1.7	(5.9)
Net prior service cost	9.8	(4.1)	5.7
Settlement	—	(0.1)	(0.1)
Current year actuarial loss (gain)	46.8	(107.9)	(61.1)
Foreign currency exchange rate change	2.8	(2.2)	0.6
Accumulated other comprehensive loss (income) as of December 31, 2018	$ 698.0	$ (197.3)	$ 500.7
Amortization of prior service (costs) benefit	(1.1)	0.7	(0.4)
Amortization of net actuarial (loss) gain	(10.4)	14.1	3.7
Net prior service cost	(2.0)	—	(2.0)
Settlement and curtailment	(29.8)	(0.2)	(30.0)
Current year actuarial loss (gain)	38.5	7.4	45.9
Foreign currency exchange rate change	(0.4)	2.9	2.5
Accumulated other comprehensive loss (income) as of December 31, 2019	$ 692.8	$ (172.4)	$ 520.4

Assumptions

Periodic pension and OPEB cost is actuarially calculated annually for each individual plan based on data available and assumptions made at the beginning of each year. Assumptions used in the calculation include the settlement discount rate selected and disclosed at the end of the previous year as well as other assumptions detailed in the table below. The weighted-average rates used in determining the periodic pension and OPEB cost for the fiscal years 2019, 2018 and 2017 were as follows:

	For the years ended					
	December 31, 2019		December 31, 2018		December 31, 2017	
	Pension	OPEB	Pension	OPEB	Pension	OPEB
Weighted-average assumptions:						
Settlement discount rate	3.44%	3.92%	3.01%	3.34%	3.36%	3.76%
Rate of compensation increase	2.00%	N/A	2.00%	N/A	2.00%	N/A
Expected return on plan assets(1)	4.38%	N/A	4.10%	N/A	4.83%	N/A
Health care cost trend rate	N/A	Ranging ratably from 6.5% in 2019 to 4.5% in 2037	N/A	Ranging ratably from 6.75% in 2018 to 4.5% in 2037	N/A	Ranging ratably from 7.0% in 2017 to 4.5% in 2037

(1) We develop our EROA assumptions annually with input from independent investment specialists including our actuaries, investment consultants, plan trustee and other specialists. Each EROA assumption is based on historical data, including historical returns, historical market rates and is calculated for each plan's individual asset class. The calculation includes inputs for interest, inflation, credit, and risk premium (active investment management) rates and fees paid to service providers. We consider our EROA to be a significant management estimate. Any material changes in the inputs to our methodology used in calculating our EROA could have a significant impact on our reported defined benefit pension plans' expense.

Benefit obligations are actuarially calculated annually at the end of each year based on the assumptions detailed in the table below. Obligations under the OPEB plans are determined by the application of the terms of medical, dental, vision and life insurance plans, together with relevant actuarial assumptions and heath care cost trend rates. The weighted-average rates used in determining the projected benefit obligation for defined pension plans and the accumulated postretirement benefit obligation for OPEB plans, as of December 31, 2019 and December 31, 2018, were as follows:

	As of December 31, 2019		As of December 31, 2018	
	Pension	OPEB	Pension	OPEB
Weighted-average assumptions:				
Settlement discount rate	2.55%	2.91%	3.44%	3.92%
Rate of compensation increase	2.00%	N/A	2.00%	N/A
Health care cost trend rate	N/A	Ranging ratably from 6.25% in 2020 to 3.57% in 2040	N/A	Ranging ratably from 6.5% in 2019 to 4.5% in 2037

The change to the weighted-average discount rates used for our defined benefit pension plans and postretirement plans as of December 31, 2019 from December 31, 2018, is primarily the result of declining interest rates during 2019.

Investment Strategy

The obligations of our defined benefit pension plans in the U.S., Canada and the U.K. are supported by assets held in trusts for the payment of future benefits. The business segments are obligated to adequately fund these asset trusts. The underlying investments within our defined benefit pension plans include: cash and short-term instruments, debt securities, equity securities, investment funds, and other investments including derivatives, hedge fund of funds and real estate. Investment allocations reflect the customized strategies of the respective plans.

The plans use liability driven investment strategies in managing defined pension benefits. For all defined benefit pension plan assets the plans have the following primary investment objectives:

(1) optimize the long-term return on plan assets at an acceptable level of risk and manage projected future cash contributions;

(2) maintain a broad diversification across asset classes and among investment managers; and

(3) manage the risk level of the plans' assets in relation to the plans' liabilities.

Each plan's respective allocation targets promote optimal expected return and volatility characteristics given a focus on a long-term time horizon for fulfilling the plans' obligations. All assets are managed by external investment managers with a mandate to either match or outperform their benchmark. The plans used different asset managers in the U.S., U.K. and Canada and each plan's respective asset allocation could be impacted by a change in asset managers.

Our investment strategies for our defined benefit pension plans also consider the funding status for each plan. For defined benefit pension plans that are highly funded, assets are invested primarily in fixed income holdings that have a similar duration to the associated liabilities. For plans with lower funding levels, the fixed income component is managed in a similar manner to the highly funded plans. In addition to this liability-matching fixed income allocation, these plans also contain exposure to return generating assets including: equities, real estate, debt, and other investments held with the goal of producing higher returns, which may also have a higher risk profile. These investments are diversified by investing globally with limitations placed on issuer concentration.

Both our U.K. and Canadian plans hedge a portion of the foreign exchange exposure between plan assets that are not denominated in the local plan currency and the local currency as the Canadian and U.K. pension liabilities will be settled in CAD and GBP, respectively.

Target Allocations

The following compares target asset allocation percentages with actual asset allocations on a weighted-average asset basis as of December 31, 2019:

	Target allocations	Actual allocations
Equities	9.7%	7.2%
Fixed income	64.6%	70.1%
Real estate	6.3%	5.5%
Annuities	15.0%	15.1%
Other	4.4%	2.1%

Significant Concentration Risks

We periodically evaluate our defined benefit pension plan assets for concentration risks. As of December 31, 2019, we did not have any individual underlying asset position that composed a significant concentration of each plan's overall assets. However, we currently have significant plan assets invested in U.K., U.S. and Canadian government fixed income holdings. A provisional credit rating downgrade for any of these governments could negatively impact the asset values.

Further, as our benefit plans maintain exposure to non-government investments, a significant system-wide increase in credit spreads would also negatively impact the reported plan asset values. In general, equity and fixed income risks have been mitigated by company-specific concentration limits and by utilizing multiple equity managers. We do have significant amounts of assets invested with individual fixed income and hedge fund managers, therefore, the plans use outside investment consultants to aid in the oversight of these managers and fund performance.

Valuation Techniques

We use a variety of industry accepted valuation techniques to value our plan assets. The techniques vary depending upon instrument type. Whenever possible, we prioritize the use of observable market data in our valuation processes. We use market, income and cost approaches to value our plan assets as of period end. See Note 1, "Basis of Presentation and Summary of Significant Accounting Policies" for additional information on our fair value methodologies and accounting policies. We have not changed our fair value techniques used to value plan assets this year.

Major Categories of Plan Assets

As of December 31, 2019, our major categories of plan assets included the following:

- Cash and short-term instruments—Includes cash, trades awaiting settlement, bank deposits, short-term bills and short-term notes. Our "trades awaiting settlement" category includes payables and receivables associated with asset purchases and sales that are awaiting final cash settlement as of year-end due to the use of trade date accounting for our pension plans assets. These payables normally settle within a few business days of the purchase or sale of the respective asset. The respective assets are included in or removed from our year end plan assets and categorized in their respective asset categories in the fair value hierarchy below. We include these items in Level 1 of this hierarchy, as the values are derived from quoted prices in active markets. Short-term instruments are included in Level 2 of the fair value hierarchy as these are highly liquid instruments that are valued using observable inputs, but their asset values are not publicly quoted.
- Debt securities—Includes various government and corporate fixed income securities, interest and inflation-linked assets such as bonds and swaps, collateralized securities, and other debt securities. The majority of the plans' fixed income assets trade on "over the counter" exchanges, which provides observable inputs that are the primary data used to determine each individual investment's fair value. We also use independent pricing vendors, as well as matrix pricing techniques. Matrix pricing uses observable data from other similar investments as the primary input to determine the individual security's fair value. Government and corporate fixed income securities are generally classified as Level 2 in the fair value hierarchy as they are valued using observable inputs. Assets included in our collateralized securities include mortgage backed securities and collateralized mortgage obligations, which are considered Level 3 due to the use of the significant unobservable inputs used in deriving these assets' fair values.
- Equities—Includes publicly traded common and other equity-like holdings, primarily publicly traded common stock and real estate investment trusts. Equity assets are well diversified between international and domestic investments. We consider equities quoted on public exchanges as Level 1 while other assets that are not quoted on public exchanges but valued using significant observable inputs as Level 2 depending on the individual asset's characteristics.
- NAV per share practical expedient—Includes our debt funds, equity funds, hedge fund of funds, infrastructure funds, real estate fund holdings and private equity funds. The market values for these funds are based on the net asset values multiplied by the number of shares owned.
- Annuities—Includes non-participating annuity buy-in insurance policies purchased to cover a portion of the plan members. The fair value of non-participating contracts fluctuates based on changes in the obligation associated with covered plan members. These values are considered Level 3 due to the use of the significant unobservable inputs used in deriving these assets' fair values.
- Other—Includes derivatives, repurchase agreements, recoverable taxes for taxes paid and awaiting reclaim due to the tax exempt nature of the pension plan, venture capital, and private equity. Derivatives are priced using observable inputs including yields, interest rate curves and spreads. Exchange traded derivatives are typically priced using the last trade price. Repurchase agreements are agreements where our plan has created an asset exposure using borrowed assets, creating a repurchase agreement liability, to facilitate the trade. The assets associated with the repurchase agreement and equity options are included in the other category in the fair value hierarchy, and the corresponding repurchase agreement liability is classified as Level 1 in the hierarchy, as the liability is valued using quoted prices in active markets. When determining the presentation of our target and asset allocations for repurchase agreements, we are viewing the asset type, as opposed to the investment vehicle, and accordingly include the associated assets within fixed income, specifically interest and inflation linked assets. We include recoverable tax items in Level 1 of this hierarchy, as these are cash receivables and the values are derived from quoted prices in active markets. Private equity is included in Level 3 as the values are based upon the use of unobservable inputs.

Fair Value Hierarchy

The following presents our fair value hierarchy for our defined benefit pension plan assets excluding investments using the NAV per share practical expedient (in millions)

	Total as of December 31, 2019	Fair value measurements as of December 31, 2019 Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and cash equivalents				
Cash	$ 107.2	$ 107.2	$ —	$ —
Trades awaiting settlement	17.2	17.2	—	—
Bank deposits, short-term bills and notes	16.4	—	16.4	—
Debt				
Government securities	711.8	—	711.8	—
Corporate debt securities	272.3	—	272.3	—
Interest and inflation linked assets	948.1	—	938.8	9.3
Annuities				
Buy-in annuities	748.1	—	—	748.1
Other				
Equity options	6.3	6.3	—	—
Repurchase agreements	(923.2)	(923.2)	—	—
Recoverable taxes	0.5	0.5	—	—
Private equity	72.8	—	—	72.8
Total fair value of investments excluding NAV per share practical expedient	$ 1,977.5	$ (792.0)	$ 1,939.3	$ 830.2

The following presents our total fair value of plan assets including the NAV per share practical expedient for our defined benefit pension plan assets:

	Total as of December 31, 2019
	(In millions)
Fair value of investments excluding NAV per share practical expedient	$ 1,977.5
Fair value of investments using NAV per share practical expedient	
Debt funds	1,636.7
Equity funds	1,820.5
Real estate funds	20.4
Private equity funds	87.0
Total fair value of plan assets	$ 5,542.1

The following presents our fair value hierarchy for our defined benefit pension plan assets excluding investments using the NAV per share practical expedient (in millions):

	Total as of December 31, 2018	Fair value measurements as of December 31, 2018 Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and cash equivalents				
Cash	$ 297.3	$ 297.3	$ —	$ —
Trades awaiting settlement	(11.2)	(11.2)	—	—
Bank deposits, short-term bills and notes	34.6	—	34.6	—
Debt				
Government securities	1,695.8	—	1,695.8	—
Corporate debt securities	1,235.5	—	1,235.5	—
Interest and inflation linked assets	1,112.4	—	1,065.8	46.6
Collateralized debt securities	7.2	—	—	7.2
Equities				
Common stock	299.0	299.0	—	—
Investment funds				
Private equity	23.8	—	—	23.8
Annuities				
Buy-in annuities	481.1	—	—	481.1
Other				
Repurchase agreements	(1,448.8)	(1,448.8)	—	—
Recoverable taxes	0.4	0.4	—	—
Private equity	137.0	—	—	137.0
Total fair value of investments excluding NAV per share practical expedient	$ 3,864.1	$ (863.3)	$ 4,031.7	$ 695.7

The following presents our fair value hierarchy including the NAV per share practical expedient for our defined benefit pension plan assets:

	Total as of December 31, 2018
	(In millions)
Fair value of investments excluding NAV per share practical expedient	$ 3,864.1
Fair value of investments using NAV per share practical expedient	
Debt funds	818.8
Equity funds	420.9
Real estate funds	20.0
Private equity funds	93.5
Total fair value of plan assets	$ 5,217.3

Fair Value: Level Three Rollforward

The following presents our Level 3 Rollforward for our defined pension plan assets excluding investments using the NAV per share practical expedient:

	Amount
	(In millions)
Balance as of December 31, 2017	$ 469.0
Total gain or loss (realized/unrealized):	
Realized gain (loss)	13.8
Unrealized gain (loss) included in AOCI	(18.8)
Purchases, issuances, settlements	272.2
Foreign exchange translation (loss)/gain	(40.5)
Balance as of December 31, 2018	$ 695.7
Total gain or loss (realized/unrealized):	
Realized gain (loss)	15.3
Unrealized gain (loss) included in AOCI	(19.6)
Purchases, issuances, settlements	105.2
Foreign exchange translation (loss)/gain	33.6
Balance as of December 31, 2019	$ 830.2

Expected Cash Flows

In 2020, we expect to make contributions to our defined benefit pension plans of approximately $5 million and benefit payments under our OPEB plans of approximately $43 million based on foreign exchange rates as of December 31, 2019. BRI and BDL contributions to their respective defined benefit pension plans are excluded here, as they are not consolidated in our financial statements. Plan funding strategies are influenced by employee benefits, tax laws and plan governance documents.

Expected future benefit payments for defined benefit pension and OPEB plans, based on foreign exchange rates as of December 31, 2019, are as follows:

Expected benefit payments	Pension	OPEB
	(In millions)	
2020	$ 308.1	$ 42.6
2021	$ 308.7	$ 42.8
2022	$ 308.7	$ 42.3
2023	$ 309.5	$ 41.7
2024	$ 309.6	$ 42.5
2025-2029	$ 1,426.7	$ 198.5

Defined Contribution Plans

We offer defined contribution pension plans for the majority of our U.S., Corporate, Canadian and U.K. employees. The investment strategy for defined contribution plans are determined by each individual participant from the options we have made available as the plan sponsor. U.S. non-union and Corporate employees are eligible to participate in qualified defined contribution plans which provide for employer contributions ranging from 5% to 11% of eligible compensation (certain employees were also eligible for additional employer contributions). Effective, December 29, 2017, the plans covering the U.S. non-union and Corporate employees were merged while retaining the contribution percentages previously indicated. U.S. union employees are eligible to participate in a qualified defined contribution plan which provides for employer contributions based on factors associated with various collective bargaining agreements. The employer contributions to the U.K. and Canadian plans range from 3% to 8.5% of employee compensation. Both employee and employer contributions were made in cash in accordance with participant investment elections.

We recognized costs associated with defined contribution plans of $80.0 million, $78.5 million and $80.5 million in 2019, 2018 and 2017, respectively.

In addition, we have other deferred compensation and nonqualified defined contribution plans. We have voluntarily funded these liabilities through rabbi trusts. These assets are invested in publicly traded mutual funds whose performance is expected to closely match changes in the plan liabilities. As of December 31, 2019, and December 31, 2018, the plan liabilities were equal to the plan assets and were included in other liabilities and other assets on our consolidated balance sheets, respectively.

16. Derivative Instruments and Hedging Activities

Overview and Risk Management Policies

We use derivatives as part of our normal business operations to manage our exposure to fluctuations in interest rates, foreign currency, commodity price risk and for other strategic purposes related to our core business. We have established policies and procedures that govern the risk management of these exposures. Our primary objective in managing these exposures is to decrease the volatility of cash flows affected by changes in the underlying rates and prices.

To achieve our objectives, we enter into a variety of financial derivatives, including foreign currency exchange, commodity, interest rate, cross currency swaps as well as options. We also enter into physical hedging agreements directly with our suppliers to manage our exposure to certain commodities.

Counterparty Risk

While, by policy, the counterparties to any of the financial derivatives we enter into are major institutions with investment grade credit ratings of at least A- by Standard & Poor's (or the equivalent) or A3 by Moody's, we are exposed to credit-related losses in the event of non-performance by counterparties. This credit risk is generally limited to the unrealized gains in such contracts, should any of these counterparties fail to perform as contracted.

We have established a counterparty credit policy and guidelines that are monitored and reported to management according to prescribed guidelines to assist in managing this risk. As an additional measure, we utilize a portfolio of institutions either headquartered or operating in the same countries that we conduct our business. In calculating the fair value of our derivative balances, we also record an adjustment to recognize the risk of counterparty credit and our own non-performance risk, as appropriate.

Price and Liquidity Risks

We base the fair value of our derivative instruments upon market rates and prices. The volatility of these rates and prices are dependent on many factors that cannot be forecasted with reliable accuracy. The current fair values of our contracts could differ significantly from the cash settled values with our counterparties. As such, we are exposed to price risk related to unfavorable changes in the fair value of our derivative contracts.

We may be forced to cash settle all or a portion of our derivative contracts before the expected settlement date upon the occurrence of certain contractual triggers including a change of control, termination event or other breach of agreement. This could have a negative impact on our liquidity. For derivative contracts that we have designated as hedging instruments, early cash settlement would result in the timing of our hedge settlement not being matched to the cash settlement of the forecasted transaction or firm commitment. We may also decide to cash settle all or a portion of our derivative contracts before the expected settlement date through negotiations with our counterparties, which could also impact our cash position.

Due to the nature of our counterparty agreements, we are not able to net positions with the same counterparty across business units. Thus, in the event of default, we may be required to early settle all out-of-the-money contracts, without the benefit of netting the fair value of any in-the-money positions against this exposure.

Collateral

We do not receive and are not required to post collateral unless a change of control event occurs. This termination event would give either party the right to early terminate all outstanding swap transactions in the event that the other party consolidates, merges with, or transfers all or substantially all of its assets to, another entity, and the creditworthiness of the surviving entity that has assumed such party's obligations is materially weaker than that of such party. As of December 31, 2019, we did not have any collateral posted with any of our counterparties.

Derivative Accounting Policies

Overview

Our foreign currency forwards and our forward starting interest rate swaps are designated in hedging relationships as cash flow hedges, and our cross currency swaps are designated as net investment hedges. Prior to settlements discussed below, our interest rate swaps were designated as fair value hedges. In certain situations, we may execute derivatives that do not qualify for, or we do not otherwise seek, hedge accounting but are determined to be important for managing risk. For example, our commodity swaps and commodity options are not designated in hedge accounting relationships. These outstanding economic hedges are measured at fair value on our consolidated balance sheets with changes in fair value recorded in earnings. We have historically elected to apply the NPNS exemption to certain contracts, as applicable. These contracts are typically transacted with our suppliers and include risk management features that allow us to fix the price on specific volumes of purchases for specified delivery periods. We also consider whether any provisions in our contracts represent embedded derivative instruments as defined in authoritative accounting guidance and apply the appropriate accounting.

Hedge Accounting Policies

We formally document all relationships receiving hedge accounting treatment between hedging instruments and hedged items, as well as the risk-management objective and strategy for undertaking hedge transactions pursuant to prescribed guidance. We also formally assess effectiveness both at the hedge's inception and on an ongoing basis, specifically whether the derivatives that are used in hedging transactions have been highly effective in mitigating the risk designated as being hedged and whether those hedges may be expected to remain highly effective in future periods. Specific to net investment hedges, we have elected to use the spot-to-spot methodology to assess effectiveness.

We discontinue hedge accounting prospectively when (1) the derivative is no longer highly effective in offsetting changes in the cash flows of a forecasted future transaction; (2) the derivative expires or is sold, terminated, or exercised; (3) it is no longer probable that the forecasted transaction will occur; (4) management determines that designating the derivative as a hedging instrument is no longer appropriate; or (5) management decides to cease hedge accounting.

When we discontinue hedge accounting prospectively, but it continues to be probable that the forecasted transaction will occur in the originally expected period, the existing gain or loss on the derivative remains in AOCI for cash flow hedges and net investment hedges or in the carrying value of the hedged item for fair value hedges and is reclassified into earnings when the forecasted transaction affects earnings. However, if it is no longer probable that a forecasted transaction will occur by the end of the originally specified time period or within an additional two-month period of time thereafter, the gains and losses in AOCI are recognized immediately in earnings. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, we carry the derivative at its fair value on the consolidated balance sheets until maturity, recognizing future changes in the fair value in current period earnings.

Significant Derivative/Hedge Positions

Interest Rate Swaps

During the fourth quarter of 2017, we voluntarily settled our interest rate swaps with an aggregate notional amount of $1.0 billion, which were previously entered into earlier in 2017 to economically convert our fixed rate $1.0 billion 2017 USD Notes to floating rate debt based on a credit spread plus the one-month LIBOR rate. This settlement resulted in net cash payments of $3.5 million. These swaps were previously designated as fair value hedges with the changes in fair value of the hedged item recognized in earnings. At the time of settlement we ceased adjusting the carrying value of the two $500 million notes for the fair value movements and these cumulative adjustments are now being amortized as a charge to interest expense over the expected remaining term of the respective note. See Note 11, "Debt" for additional details.

Separately, in prior years, we also entered into similar interest rate swap agreements to economically convert our fixed rate $500 million 3.5% notes due 2022 to floating rate debt. These interest rate swap agreements were also previously voluntarily cash settled, at which time we ceased adjusting the carrying value of the notes for the fair value movements. The cumulative adjustments which increased the carrying value of the notes are being amortized as a benefit to interest expense over the expected remaining term of the notes. See Note 11, "Debt" for additional details.

Net Investment Hedges

On July 7, 2016, we issued EUR 800.0 million senior notes maturing July 15, 2024 to partially fund the Acquisition. Separately, on March 15, 2017, we issued an aggregate of EUR 500 million, 0.35% plus three-month EURIBOR floating rate senior notes due March 15, 2019. Concurrent with the issuances of both sets of Notes, we simultaneously designated the principals as net investment hedges of our investment in our Europe business in order to hedge a portion of the foreign currency translational impacts and, accordingly, record the changes in the carrying value of the 2016 EUR Notes and 2017 EUR Notes due to fluctuations in the spot rate to AOCI. In March 2019, we repaid the 2017 EUR Notes. See Note 11, "Debt" for further discussion.

Forward Starting Interest Rate Swaps

Forward starting interest rate swaps are instruments we use to manage our exposure to the volatility of the interest rates associated with future interest payments on a forecasted debt issuance. During the third quarter of 2018, we entered into forward starting interest rate swaps with notional amounts totaling $1.5 billion. The forward starting interest rate swaps have an effective date of July 2018 and termination dates of July 2021, May 2022 and July 2026, mirroring the terms of the forecasted debt issuances. Weighted-average interest rates on the swaps are fixed at 3.00%, 3.01% and 3.10% for July 2021, May 2022 and July 2026, respectively. Under the agreements we are required to early terminate these swaps at the time we expect to issue the related forecasted debt. We have designated these contracts as cash flow hedges. As a result, the unrealized mark-to-market gains or losses will be recorded to AOCI until termination at which point the realized gain or loss of these swaps at issuance of the hedged debt will be reclassified from AOCI and amortized to interest expense over the term of the hedged debt.

In 2015 we entered into forward starting interest rate swaps with a notional of CAD 600 million in order to manage our exposure to the volatility of the interest rates associated with the future interest payments on the forecasted CAD debt issuances, which ultimately became the 2015 Notes and a portion of the 2016 Notes. The swaps had an effective date of September 2015 and a termination date of September 2025 mirroring the terms of the initially forecasted CAD debt issuance. Under these agreements we were required to early terminate these swaps at the approximate time we issued the previously forecasted debt. We had designated these contracts as cash flow hedges and accordingly, a portion of the CAD 39.2 million ($29.5 million at settlement) loss on the forward starting interest rate swaps is being reclassified from AOCI and amortized to interest expense over the remaining term of the 2015 Notes, due in September 2020, and over a portion of the CAD 500 million notes due in 2026 up to the full 10-year term of the interest rate swap agreements.

Cross Currency Swaps

Effective March 20, 2019, we entered into cross currency swap agreements having a total notional value of approximately EUR 353 million ($400 million upon execution) in order to hedge a portion of the foreign currency translational impacts of our European investment. As a result of the swaps, we economically converted a portion of our $1.0 billion 2.1% senior notes due 2021 and associated interest to EUR denominated, which will result in a EUR interest rate to be received at 0.71%.

Separately, effective April 3, 2019, we voluntarily early terminated our $500 million cross currency swaps due in 2020 under which we were receiving EUR interest payments at a rate received of 0.85%, and concurrently entered into new cross currency swap agreements having a total notional of approximately EUR 445 million ($500 million upon execution) in order to hedge a portion of the foreign currency translation impacts of our European investment. As a result of the swaps, we economically converted our 500 million 2.25% senior notes due 2020 and associated interest to EUR denominated, which will result in a EUR interest rate to be received of 0.68%. The termination of the original $500 million cross currency swaps resulted in cash receipts of approximately $47 million which were classified as investing activities in our consolidated statement of cash flows during the second quarter of 2019.

We have designated each of these cross currency swaps as net investment hedges and accordingly, record changes in fair value due to fluctuations in the spot rate to AOCI. The changes in fair value of the swaps attributable to changes other than those due to fluctuations in the spot rate are excluded from the assessment of hedge effectiveness and recorded to interest expense over the life of the hedge.

Foreign Currency Forwards

Prior to issuing the 2017 EUR Notes on March 15, 2017, we entered into foreign currency forward agreements in the first quarter of 2017 with a total notional amount of EUR 499 million, representing a majority of the anticipated net proceeds from the issuance of the respective 2017 EUR Notes, to economically hedge the foreign currency exposure of the associated notes against the USD prior to issuance and to convert the proceeds to USD upon issuance through gross settlement. We settled these foreign currency forwards on March 15, 2017, resulting in a loss of $8.3 million. These foreign currency forwards were not designated in hedge accounting relationships, and, accordingly, the mark-to-market fair value adjustments and resulting losses were recorded to other income (expense).

We have financial foreign exchange forward contracts in place to manage our exposure to foreign currency fluctuations. We hedge foreign currency exposure related to certain royalty agreements, exposure associated with the purchase of production inputs and imports that are denominated in currencies other than the functional entity's local currency, and other foreign exchanges exposures. These contracts have been designated as cash flow hedges of forecasted foreign currency transactions. We use foreign currency forward contracts to hedge these future forecasted transactions up to a 60 month horizon.

Commodity Swaps and Options

We have financial commodity swap and option contracts in place to hedge changes in the prices of natural gas, aluminum, including surcharges relating to our aluminum exposures, corn, barley and diesel. These contracts allow us to swap our floating exposure to changes in these commodity prices for a fixed rate. These contracts are not designated in hedge accounting relationships. As such, changes in fair value of these derivatives are recorded in cost of goods sold in the consolidated statements of operations. We hedge forecasted purchases of natural gas, aluminum, corn and diesel each up to 60 months out in the future for use in our supply chain, in line with our risk management policy. Further, we hedge forecasted purchases of barley based on crop year and physical inventory management. For purposes of measuring segment operating performance, the unrealized changes in fair value of the swaps not designated in hedge accounting relationships are reported in Corporate outside of the segment specific operating results until such time that the exposure we are managing is realized. At that time we reclassify the gain or loss from Corporate to the operating segment, allowing our operating segments to realize the economic effects of the derivative without the resulting unrealized mark-to-market volatility.

Warrants

On October 4, 2018, in connection with the formation of the Truss joint venture, as discussed further in Note 4, "Investments," our joint venture partner, HEXO, issued to our Canadian subsidiary a total of 11.5 million warrants to purchase common shares of HEXO at a strike price of CAD 6.00 per share at any time during the three year period following the formation of the joint venture. The fair value of the warrants at issuance of approximately $45 million was recorded as a non-current asset and as an adjustment to paid-in capital, net of tax. All changes in the fair value of the warrants subsequent to issuance are recorded in other income (expense), net on the consolidated statements of operations.

Derivative Fair Value Measurements

We utilize market approaches to estimate the fair value of our derivative instruments by discounting anticipated future cash flows derived from the derivative's contractual terms and observable market interest, foreign exchange and commodity rates. The fair values of our derivatives also include credit risk adjustments to account for our counterparties' credit risk, as well as our own non-performance risk, as appropriate. The fair value of our warrants to acquire common shares of HEXO at a strike price of CAD 6.00 per share are estimated using the Black-Scholes option-pricing model. As of December 31, 2019 and December 31, 2018, the assumptions used to estimate the fair value of the HEXO warrants are as follows:

	As of December 31, 2019	As of December 31, 2018
Expected term (years)	1.75	2.75
Estimated volatility	81.45%	88.71%
Risk-free interest rate	1.69%	2.04%
Expected dividend yield	—%	—%

The expected term is based on the contractual maturity date of the warrants. Estimated volatility is based on a blend of implied volatility and historical volatility of HEXO's stock. The risk-free rate utilized is based on a zero-coupon Canadian Treasury security yield with a remaining term equal to the expected term of the warrants. The expected dividend yield is determined by historical dividend levels.

The table below summarizes our derivative assets and liabilities that were measured at fair value as of December 31, 2019 and December 31, 2018. See Note 1, "Basis of Presentation and Summary of Significant Accounting Policies" for further discussion related to measuring the fair value of derivative instruments.

		Fair Value Measurements as of December 31, 2019		
	Total as of December 31, 2019	Quoted prices in active markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In millions)		
Cross currency swaps	$ 10.0	$ —	$ 10.0	$ —
Interest rate swaps	(111.5)	—	(111.5)	—
Foreign currency forwards	2.1	—	2.1	—
Commodity swaps and options	(41.2)	—	(41.2)	—
Warrants	2.7	—	2.7	—
Total	$ (137.9)	$ —	$ (137.9)	$ —

		Fair Value Measurements as of December 31, 2018		
	Total as of December 31, 2018	Quoted prices in active markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In millions)		
Cross currency swaps	$ 36.5	$ —	$ 36.5	$ —
Interest rate swaps	(12.3)	—	(12.3)	—
Foreign currency forwards	16.3	—	16.3	—
Commodity swaps and options	(42.0)	—	(42.0)	—
Warrants	19.6	—	19.6	—
Total	$ 18.1	$ —	$ 18.1	$ —

As of December 31, 2019 and December 31, 2018, we had no significant transfers between Level 1 and Level 2. New derivative contracts transacted during 2019 were all included in Level 2.

Results of Period Derivative Activity

The following tables include the year-to-date results of our derivative activity in our consolidated balance sheets as of December 31, 2019 and December 31, 2018, and our consolidated statements of operations for the years ended December 31, 2019, December 31, 2018 and December 31, 2017.

Fair Value of Derivative Instruments in the Consolidated Balance Sheets (in millions):

	December 31, 2019				
		Asset derivatives		Liability derivatives	
	Notional amount	Balance sheet location	Fair value	Balance sheet location	Fair value
Derivatives designated as hedging instruments:					
Cross currency swaps	$ 900.0	Other current assets	$ 1.8	Accounts payable and other current liabilities	$ —
		Other non-current assets	8.2	Other liabilities	—
Interest rate swaps	$ 1,500.0	Other non-current assets	—	Other liabilities	(111.5)
Foreign currency forwards	$ 237.9	Other current assets	1.9	Accounts payable and other current liabilities	(0.8)
		Other non-current assets	1.4	Other liabilities	(0.4)
Total derivatives designated as hedging instruments			$ 13.3		$ (112.7)
Derivatives not designated as hedging instruments:					
Commodity swaps[(1)]	$ 598.4	Other current assets	$ 5.7	Accounts payable and other current liabilities	$ (36.4)
		Other non-current assets	1.0	Other liabilities	(11.5)
Commodity options[(1)]	$ 18.4	Other current assets	—	Accounts payable and other current liabilities	—
Warrants	$ 53.1	Other non-current assets	2.7	Other liabilities	—
Total derivatives not designated as hedging instruments			$ 9.4		$ (47.9)

	December 31, 2018				
		Asset derivatives		Liability derivatives	
	Notional amount	Balance sheet location	Fair value	Balance sheet location	Fair value
Derivatives designated as hedging instruments:					
Cross currency swaps	$ 500.0	Other non-current assets	$ 36.5	Other liabilities	$ —
Interest rate swaps	$ 1,500.0	Other non-current assets	—	Other liabilities	(12.3)
Foreign currency forwards	$ 338.6	Other current assets	7.3	Accounts payable and other current liabilities	(0.1)
		Other non-current assets	9.2	Other liabilities	(0.1)
Total derivatives designated as hedging instruments			$ 53.0		$ (12.5)
Derivatives not designated as hedging instruments:					
Commodity swaps[(1)]	$ 868.4	Other current assets	$ 12.1	Accounts payable and other current liabilities	$ (37.9)
		Other non-current assets	6.1	Other liabilities	(22.3)
Commodity options[(1)]	$ 46.6	Other current assets	0.1	Accounts payable and other current liabilities	(0.1)
Warrants	$ 50.6	Other non-current assets	$ 19.6	Other liabilities	—
Total derivatives not designated as hedging instruments			$ 37.9		$ (60.3)

(1) Notional includes offsetting buy and sell positions, shown in terms of absolute value. Buy and sell positions are shown gross in the asset and/or liability position, as appropriate.

Items Designated and Qualifying as Hedged Items in Fair Value Hedging Relationships in the Consolidated Balance Sheets (in millions):

Line item in the balance sheet in which the hedged item is included	Carrying amount of the hedged assets/liabilities		Cumulative amount of fair value hedging adjustment(s) in the hedged assets/liabilities[1] Increase/(Decrease)	
	As of December 31, 2019	As of December 31, 2018	As of December 31, 2019	As of December 31, 2018
		(In millions)		
Current portion of long-term debt and short-term borrowings	$ —	$ —	$ (0.2)	$ (0.2)
Long-term debt	$ —	$ —	$ 6.5	$ 8.3

(1) Entire balances relate to hedging adjustments on discontinued hedging relationships.

The Pretax Effect of Fair Value and Cash Flow Hedge Accounting on Accumulated Other Comprehensive Income (Loss) (in millions):

For the year ended December 31, 2019

Derivatives in cash flow hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative
Forward starting interest rate swaps	$ (99.2)	Interest expense	$ (3.0)
Foreign currency forwards	(12.1)	Cost of goods sold	3.1
		Other income (expense), net	(0.7)
Total	$ (111.3)		$ (0.6)

For the year ended December 31, 2019

Derivatives in net investment hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)[1]
Cross currency swaps	$ 19.8	Interest expense	$ —	Interest expense	$ 23.5
Total	$ 19.8		$ —		$ 23.5

For the year ended December 31, 2019

Non-derivative financial instruments in net investment hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative	Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)
EUR 800 million notes due 2024	$ 20.4	Other income (expense), net	$ —	Other income (expense), net	$ —
EUR 500 million notes due 2019	10.1	Other income (expense), net	—	Other income (expense), net	—
Total	$ 30.5		$ —		$ —

For the year ended December 31, 2018

Derivatives in cash flow hedge relationships	Amount of gain (loss) recognized in OCI on derivative	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) recognized from AOCI on derivative
Forward starting interest rate swaps	$ (12.3)	Interest expense	$ (3.0)
Foreign currency forwards	26.8	Cost of goods sold	(0.2)
		Other income (expense), net	(0.2)
Total	$ 14.5		$ (3.4)

For the year ended December 31, 2018									
Derivatives in net investment hedge relationships	**Amount of gain (loss) recognized in OCI on derivative**		**Location of gain (loss) reclassified from AOCI into income**	**Amount of gain (loss) recognized from AOCI on derivative**		**Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)**	**Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)[(1)]**	
Cross currency swaps	$	36.5	Interest expense	$	—	Interest expense	$	10.7
Total	$	36.5		$	—		$	10.7

(1) Represents amounts excluded from the assessment of effectiveness for which the difference between changes in fair value and period amortization is recorded in other comprehensive income.

For the year ended December 31, 2018								
Non-derivative financial instruments in net investment hedge relationships	**Amount of gain (loss) recognized in OCI on derivative**		**Location of gain (loss) reclassified from AOCI into income**	**Amount of gain (loss) recognized from AOCI on derivative**		**Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)**	**Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)**	
EUR 800 million notes due 2024	$	43.0	Other income (expense), net	$	—	Other income (expense), net	$	—
EUR 500 million notes due 2019		26.9	Other income (expense), net		—	Other income (expense), net		—
Total	$	69.9		$	—		$	—

For the year ended December 31, 2017								
Derivatives in cash flow hedge relationships	**Amount of gain (loss) recognized in OCI on derivative (effective portion)**		**Location of gain (loss) reclassified from AOCI into income (effective portion)**	**Amount of gain (loss) recognized from AOCI on derivative (effective portion)**		**Location of gain (loss) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)**	**Amount of gain (loss) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)**	
Forward starting interest rate swaps	$	—	Interest expense	$	(3.7)	Interest expense	$	—
Foreign currency forwards		(22.7)	Cost of goods sold		3.7	Cost of goods sold		—
			Other income (expense), net		(2.0)	Other income (expense), net		—
Total	$	(22.7)		$	(2.0)		$	—

For the year ended December 31, 2017								
Non-derivative financial instruments in net investment hedge relationships	**Amount of gain (loss) recognized in OCI on derivative (effective portion)**		**Location of gain (loss) reclassified from AOCI into income (effective portion)**	**Amount of gain (loss) recognized from AOCI on derivative (effective portion)**		**Location of gain (loss) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)**	**Amount of gain (loss) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)**	
EUR 800 million notes due 2024	$	(119.0)	Other income (expense), net	$	—	Other income (expense), net	$	—
EUR 500 million notes due 2019		(63.6)	Other income (expense), net		—	Other income (expense), net		—
Total	$	(182.6)		$	—		$	—

For the year ended December 31, 2017			
Derivatives in fair value hedge relationship	Amount of gain (loss) recognized in income on derivative		Location of gain (loss) recognized in income
Interest rate swaps	$	(3.5)	Interest expense
Total	$	(3.5)	

We expect net losses of approximately $2 million (pretax) recorded in AOCI as of December 31, 2019 will be reclassified into earnings within the next 12 months. For derivatives designated in cash flow hedge relationships, the maximum length of time over which forecasted transactions are hedged as of December 31, 2019 is approximately 4 years, as well as those related to our forecasted debt issuances in 2021, 2022, and 2026.

The Effect of Fair Value and Cash Flow Hedge Accounting on the Consolidated Statements of Operations (in millions):

For the year ended December 31, 2019						
	Location and amount of gain (loss) recognized in income on fair value and cash flow hedging relationships[(1)]					
	Cost of goods sold		Other income (expense), net		Interest expense	
Total amount of income and expense line items presented in the consolidated statement of operations in which the effects of fair value or cash flow hedges are recorded	$	(6,378.2)	$	(14.7)	$	(280.9)
Gain (loss) on cash flow hedging relationships:						
Forward starting interest rate swaps						
Amount of gain (loss) reclassified from AOCI into income	$	—	$	—	$	(3.0)
Foreign currency forwards						
Amount of gain (loss) reclassified from AOCI into income	$	3.1	$	(0.7)	$	—

For the year ended December 31, 2018						
	Location and amount of gain (loss) recognized in income on fair value and cash flow hedging relationships[(1)]					
	Cost of goods sold		Other income (expense), net		Interest expense	
Total amount of income and expense line items presented in the consolidated statement of operations in which the effects of fair value or cash flow hedges are recorded	$	(6,584.8)	$	(12.0)	$	(306.2)
Gain (loss) on cash flow hedging relationships:						
Forward starting interest rate swaps						
Amount of gain (loss) reclassified from AOCI into income	$	—	$	—	$	(3.0)
Foreign currency forwards						
Amount of gain (loss) reclassified from AOCI into income	$	(0.2)	$	(0.2)	$	—

(1) We had no outstanding fair value hedges during 2019 or 2018.

The Effect of Derivatives Not Designated as Hedging Instruments on the Consolidated Statements of Operations (in millions):

For the year ended December 31, 2019			
Derivatives not in hedging relationship	**Location of gain (loss) recognized in income on derivative**	**Amount of gain (loss) recognized in income on derivative**	
Commodity swaps	Cost of goods sold	$	(26.8)
Warrants	Other income (expense), net		(17.8)
Total		$	(44.6)

For the year ended December 31, 2018			
Derivatives not in hedging relationship	**Location of gain (loss) recognized in income on derivative**	**Amount of gain (loss) recognized in income on derivative**	
Commodity swaps	Cost of goods sold	$	(110.5)
Warrants	Other income (expense), net		(23.8)
Total		$	(134.3)

For the year ended December 31, 2017			
Derivatives not in hedging relationship	**Location of gain (loss) recognized in income on derivative**	**Amount of gain (loss) recognized in income on derivative**	
Commodity swaps	Cost of goods sold	$	150.1
Foreign currency swaps	Other income (expense), net		(8.3)
Total		$	141.8

Lower commodity prices relative to our hedged positions, primarily in aluminum and diesel during 2019 and primarily in aluminum during 2018, drove the total losses recognized in income related to commodity swaps for the years ended December 31, 2019 and December 31, 2018. Contrarily, higher commodity prices, primarily in aluminum, during 2017 resulted in the total gain recognized in income related to commodity swaps for the year ended December 31, 2017.

17. Accounts Payable and Other Current Liabilities

	As of			
	December 31, 2019		**December 31, 2018**	
	(In millions)			
Accounts payable and accrued trade payables	$	1,568.1	$	1,616.8
Accrued compensation		260.9		224.6
Accrued excise and other non-income related taxes		278.3		244.1
Accrued interest		107.0		112.6
Accrued selling and marketing costs		118.7		120.0
Container liability		123.5		163.0
Operating leases		46.6		—
Other[(1)]		264.2		225.3
Accounts payable and other current liabilities	$	2,767.3	$	2,706.4

(1) Includes current liabilities related to derivatives, income taxes, pensions and other postretirement benefits, mandatorily redeemable noncontrolling interest liabilities, and various other accrued expenses.

18. Commitments and Contingencies

Letters of Credit

As of December 31, 2019, we had $60.9 million outstanding in letters of credit with financial institutions. These letters primarily expire throughout 2020 and $19.3 million of the letters contain a feature that automatically renews the letter for an additional year if no cancellation notice is submitted. These letters of credit are being maintained as security for deferred compensation payments, reimbursements to insurance companies, reimbursements to the trustee for pension payments, deductibles or retention payments made on our behalf, various payments due to governmental agencies, operations of underground storage tanks and other general business purposes, and are not included on our consolidated balance sheets.

Guarantees and Indemnities

We guarantee indebtedness and other obligations to banks and other third parties for some of our equity method investments and consolidated subsidiaries. As of December 31, 2019 and December 31, 2018, the consolidated balance sheets include liabilities related to these guarantees of $37.7 million and $35.9 million, respectively. See Note 4, "Investments" for further detail.

Kaiser

In 2006, we sold our entire equity interest in our Brazilian unit, Cervejarias Kaiser Brasil S.A. ("Kaiser") to FEMSA Cerveza S.A. de C.V. ("FEMSA"). The terms of the sale agreement require us to indemnify FEMSA for certain exposures related to tax, civil and labor contingencies arising prior to FEMSA's purchase of Kaiser. In addition, we provided an indemnity to FEMSA for losses Kaiser may incur with respect to tax claims associated with certain previously utilized purchased tax credits. We settled a portion of our tax credit indemnity obligation during 2010. The maximum potential claims amount for the remainder of the purchased tax credits was $87.0 million as of December 31, 2019. Our total estimate of the indemnity liability as of December 31, 2019 was $10.0 million, of which $4.0 million was classified as a current liability and $6.0 million classified as non-current.

Our estimates consider a number of scenarios for the ultimate resolution of these issues, the probabilities of which are influenced not only by legal developments in Brazil but also by management's intentions with regard to various alternatives that could present themselves leading to the ultimate resolution of these issues. The liabilities are impacted by changes in estimates regarding amounts that could be paid, the timing of such payments, adjustments to the probabilities assigned to various scenarios and foreign currency exchange rates. Our indemnity also covers fees and expenses that Kaiser incurs to manage the cases through the administrative and judicial systems.

Additionally, we also provided FEMSA with indemnity related to all other tax, civil, and labor contingencies existing as of the date of sale. In this regard, however, FEMSA assumed their full share of all of these contingent liabilities that had been previously recorded and disclosed by us prior to the sale on January 13, 2006. However, we may have to provide indemnity to FEMSA if those contingencies settle at amounts greater than those amounts previously recorded or disclosed by us. We will be able to offset any indemnity exposures in these circumstances with amounts that settle favorably to amounts previously recorded. Our exposure related to these indemnity claims is capped at the amount of the sales price of the 68% equity interest of Kaiser, which was $68.0 million. As a result of these contract provisions, our estimates include not only probability-weighted potential cash outflows associated with indemnity provisions, but also probability-weighted cash inflows that could result from favorable settlements, which could occur through negotiation or settlement programs arising from the federal or any of the various state governments in Brazil. The recorded value of the tax, civil, and labor indemnity liability was $4.2 million as of December 31, 2019, which is classified as non-current. For the remaining portion of our indemnity obligations, not deemed probable, we continue to utilize probability-weighted scenarios in determining the value of the indemnity obligations.

Future settlement procedures and related negotiation activities associated with these contingencies are largely outside of our control. The sale agreement requires annual cash settlements relating to the tax, civil, and labor indemnities. Indemnity obligations related to purchased tax credits must be settled upon notification of FEMSA's settlement. Due to the uncertainty involved with the ultimate outcome and timing of these contingencies, significant adjustments to the carrying values of the indemnity obligations have been recorded to date, and additional future adjustments may be required. These liabilities are denominated in Brazilian Reais and are therefore, subject to foreign exchange gains or losses. As a result, these foreign exchange gains and losses are the only impacts recorded within other income (expense), net.

The table below provides a summary of reserves associated with the Kaiser indemnity obligations from December 31, 2016, through December 31, 2019:

	Total indemnity reserves
	(In millions)
Balance as of December 31, 2016	$ 17.6
Changes in estimates	—
Foreign exchange impacts	(0.3)
Balance as of December 31, 2017	$ 17.3
Changes in estimates	—
Foreign exchange impacts	(2.6)
Balance as of December 31, 2018	$ 14.7
Changes in estimates	—
Foreign exchange impacts	(0.5)
Balance as of December 31, 2019	$ 14.2

Purchase Obligations

We have various long-term supply contracts and distribution agreements with unaffiliated third parties and our joint venture partners to purchase materials used in production and packaging and to provide distribution services. The supply contracts provide that we purchase certain minimum levels of materials throughout the terms of the contracts. Additionally, we have various long-term non-cancelable commitments for advertising, sponsorships and promotions, including marketing at sports arenas, stadiums and other venues and events. The future aggregate minimum required commitments under these purchase obligations are shown in the table below based on foreign exchange rates as of December 31, 2019. The amounts in the table do not represent all anticipated payments under long-term contracts. Rather, they represent unconditional, non-cancelable purchase commitments under contracts with remaining terms greater than one year.

Year	Supply and Distribution	Advertising and Promotions
	(Amounts in millions)	
2020	$ 467.6	$ 100.2
2021	372.2	97.9
2022	341.3	77.6
2023	225.4	63.8
2024	118.6	60.8
Thereafter	458.4	155.0
Total	$ 1,983.5	$ 555.3

Total purchases under our supply and distribution contracts in 2019, 2018 and 2017 were approximately $1.0 billion, $1.1 billion and $1.2 billion, respectively. Total marketing and advertising expense was approximately $1.2 billion, $1.2 billion and $1.3 billion in 2019, 2018 and 2017, respectively.

Litigation and Other Disputes and Environmental

Related to litigation, other disputes and environmental issues, we have an aggregate accrued contingent liability of $16.2 million and $13.7 million as of December 31, 2019 and December 31, 2018, respectively. While we cannot predict the eventual aggregate cost for litigation, other disputes and environmental matters in which we are currently involved, we believe adequate reserves have been provided for losses that are probable and estimable. Additionally, as noted below, there are certain loss contingencies that we deem reasonably possible for which a range of loss is not estimable at this time; for all other matters, we believe that any reasonably possible losses in excess of the amounts accrued are immaterial to our consolidated financial statements.

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, other than as noted, none of these disputes or legal actions are expected to have a material impact on our business, 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.

In 2017, a local jurisdictional court ruled in our favor related to our challenge of the validity of historical assessments from a local country regulatory authority related to indirect tax calculations in our Europe operations. Based on this favorable ruling, we released a previously recorded provision in the first quarter of 2017 as we no longer deemed this loss probable. This resulted in a benefit of approximately $50 million, recorded within the excise taxes line item on the consolidated statement of operations during the year ended December 31, 2017.

On February 12, 2018, Stone Brewing Company filed a trademark infringement lawsuit in federal court in the Southern District of California against MillerCoors LLC alleging that the *Keystone* brand has “rebranded” itself as “Stone” and is marketing itself in a manner confusingly similar to Stone Brewing Company's registered Stone trademark. Stone Brewing Company seeks treble damages in the amount of MillerCoors’ profit from *Keystone* sales. MillerCoors subsequently filed an answer and counterclaims against Stone Brewing Company. On May 31, 2018, Stone Brewing Company filed a motion to dismiss MillerCoors' counterclaims and for a preliminary injunction seeking to bar MillerCoors from continuing to use “STONE” on *Keystone Light* cans and related marketing materials. In March 2019, the court denied Stone Brewing Company’s motion for preliminary injunction and its motion to dismiss MillerCoors’ counterclaims. No trial date has been scheduled. We intend to vigorously assert and defend our rights in this lawsuit. A range of potential loss is not estimable at this time.

In December 2018, the U.S. Department of Treasury issued a regulation that impacts our ability to claim a refund of certain federal duties, taxes, and fees paid for beer sold between the U.S. and certain other countries effective in February 2019. As a result, based on the terms of the regulation, it is the U.S. Department of Treasury’s view that future claims will no longer be accepted, and we may be further unable to collect historically claimed, but not yet received, refunds of approximately $40 million, which are recorded within other non-current assets on our consolidated balance sheet as of December 31, 2019. In January 2020, the United States Court of International Trade issued an opinion and order ruling the challenged portions of this regulation dealing with refunds of certain federal duties, taxes and fees paid with respect to certain imported beer, to the extent of certain exported beer, to be unlawful. The U.S. Department of Treasury has until February 18, 2020 to provide a response to the proposed final judgment. We will continue to monitor this matter including our ability to collect our historically claimed refunds as well our ability to claim ongoing refunds should the court's decision remain upheld.

On February 15, 2019, two purported stockholders filed substantially similar putative class action complaints against the Company, Mark R. Hunter, and Tracey I. Joubert (the “Defendants”) in the United States District Court for the District of Colorado (the “Colorado District Court”), and in the United States District Court for the Northern District of Illinois (the “Illinois District Court”). On February 21, 2019, another purported stockholder filed a substantially similar complaint in the Colorado District Court. The plaintiffs purport to represent a class of the Company’s stockholders and assert that the Defendants violated Sections 10(b) and 20(a) of the Exchange Act by allegedly making false and misleading statements or omissions regarding the Company’s restatement of consolidated financial statements for the years ended December 31, 2016 and December 31, 2017, and that the Company purportedly lacked adequate internal controls over financial reporting. The plaintiffs seek, among other things, an unspecified amount of damages and reasonable attorneys’ fees, expert fees and other costs. On April 16, 2019, motions to consolidate and appoint a lead plaintiff were filed in each case. On May 24, 2019, the securities class action suit filed with the Illinois District Court was transferred to the Colorado District Court, but was voluntarily dismissed on July 25, 2019. On October 2, 2019, the class action lawsuits originally filed in Colorado District Court were consolidated, and, on October 3, 2019, the court appointed a lead plaintiff and lead counsel for the consolidated case. On December 9, 2019, the lead plaintiff filed its amended complaint alleging that the Defendants made false statements and material omissions to the market beginning in February 2017 and ending in February 2019, which, it alleges, misled the market as to the strength of our financial condition and internal control processes related to financial accounting. The amended complaint further alleges that the Company and the Defendants caused the Company to falsely report its financial results by overstating retained earnings, net income, and tax benefits and understating deferred tax liabilities in an effort to inflate the price of our common stock. We filed a motion to dismiss the amended complaint on January 23, 2020. We intend to defend the claims vigorously. A range of potential loss is not estimable at this time.

On March 26, 2019, a purported stockholder filed a purported shareholder derivative action in Colorado District Court against the Company’s board of directors and certain current officers (the “Individual Defendants”), and the Company as a nominal defendant. On May 14, 2019, another purported stockholder filed a substantially similar complaint in the Colorado District Court. On August 12, 2019, a third derivative complaint was filed in Colorado District Court by purported stockholders. All three derivative complaints assert claims against the Individual Defendants for breaches of fiduciary duty and unjust enrichment arising out of the Company’s dissemination to shareholders of purportedly materially misleading and inaccurate information in connection with the Company’s restatement of consolidated financial statements for the years ended December 31, 2016 and December 31, 2017. The complaints further allege that the Company lacked adequate internal controls over financial reporting. The third derivative complaint filed in August also alleges the Individual Defendants violated Sections 14(a) and 20(a) of the Exchange Act by issuing misleading statements in the Company's proxy statement. The relief sought in the complaints include changes to the Company's corporate governance procedures, unspecified damages, restitution, and attorneys' fees, expert fees, other costs and such other relief as the court deems proper. The parties have agreed to administratively stay the proceedings in the various shareholder derivative actions until the federal district court rules on the company's motion to dismiss filed on January 23, 2020 in the above mentioned consolidated securities action. All three derivative actions have been administratively closed, subject to being reopened for good cause shown. A range of potential loss is not estimable at this time.

In June 2019, the Ontario provincial government adopted a bill that, if enacted, would terminate a 10-year Master Framework Agreement that was originally signed between the previous government administration and MCBC, Labatt Brewing Company Limited, Sleeman Breweries Ltd., and Brewers Retail Inc. in 2015 and governs the terms of the beer distribution and retail systems in Ontario through 2025. The government has not yet proclaimed the bill as law. The impacts of these potential legislative changes are unknown at this time, but could have a negative impact on the results of operations, cash flows and financial position of the Canada segment. While discussions remain ongoing with the government to reach a mutually agreeable alternative to the enactment of the law, the Company and the other Master Framework Agreement signatories are prepared to vigorously defend our rights and pursue legal recourse, should the Master Framework Agreement be unilaterally terminated by the enactment of the legislation.

Environmental

When we determine it is probable that a liability for environmental matters or other legal actions exists and the amount of the loss is reasonably estimable, an estimate of the future costs is recorded as a liability in the financial statements. Costs that extend the life, increase the capacity or improve the safety or efficiency of our assets or are incurred to mitigate or prevent future environmental contamination may be capitalized. Other environmental costs are expensed when incurred. Total environmental expenditures recognized for 2019, 2018 and 2017 were immaterial to our consolidated financial statements.

Canada

Our Canada brewing operations are subject to provincial environmental regulations and local permit requirements. Our Montréal, Chilliwack and Toronto breweries have water treatment facilities to pre-treat waste water before it goes to the respective local governmental facility for final treatment. We have environmental programs in Canada including organization, monitoring and verification, regulatory compliance, reporting, education and training, and corrective action.

We sold a chemical specialties business in 1996. We are still responsible for certain aspects of environmental remediation, undertaken or planned, at those chemical specialties business locations. We have established provisions for the costs of these remediation programs.

United States

We were previously 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 sites where hazardous substances have allegedly been released into the environment. We cannot predict with certainty the total costs of cleanup, our share of the total cost, the extent to which contributions will be available from other parties, the amount of time necessary to complete the cleanups or insurance coverage.

<u>Lowry</u>

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

Waste Management provides us with updated annual cost estimates through 2032. We review these cost estimates in the assessment of our accrual related to this issue. Our expected liability is based on our best estimates available.

Based on the assumptions utilized, the present value and gross amount of the costs as of December 31, 2019 are approximately $6 million and $7 million, respectively. Cost estimates were discounted using a 1.92% risk-free rate of return. We did not assume any future recoveries from insurance companies in the estimate of our liability, and none are expected.

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

Other

In prior years, we were notified by the EPA and certain state environmental divisions that we are a PRP, along with other parties, at the East Rutherford and Berry's Creek sites in New Jersey and the Chamblee site in Georgia. Certain former non-beer business operations, which we discontinued use of and subsequently sold, were involved at these sites. Potential losses associated with these sites could increase as remediation planning progresses.

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

Europe and International

We are subject to the requirements of governmental and local environmental and occupational health and safety laws and regulations within each of the countries in which we operate. Compliance with these laws and regulations did not materially affect our 2019 capital expenditures, results of operations or our financial or competitive position, and we do not currently anticipate that they will do so in 2020.

19. Leases

Montreal Brewery Sale and Leaseback Transaction

In June 2019, we completed the sale of our Montreal brewery for $96.2 million (CAD 126 million), resulting in a $61.3 million gain, which was recorded as a special item. In conjunction with the sale, we agreed to lease back the existing property to continue operations on an uninterrupted basis for a period up to 5 years with early termination options at our discretion, while our new brewery in Longueuil, Quebec is being constructed. Accordingly, we have recorded operating lease right-of-use assets and liabilities of approximately CAD 6 million assuming a lease term that is coterminous with the construction of our new brewery, which is currently expected to be operational in 2021. However, due to the uncertainty inherent in our estimates, the term of the brewery lease is subject to reassessment. Once the existing property has been entirely redeveloped by the purchaser, we plan to lease a minor portion of the future space for administrative and other purposes. We have evaluated this transaction pursuant to the accounting guidance for sale and leaseback transactions and concluded that the relevant criteria have been met for full gain recognition upon completion of the transaction in the second quarter of 2019.

Lease Financial Information

For the year ended December 31, 2019, lease expense (including immaterial short-term and variable lease costs) was as follows:

	Year ended December 31, 2019 (In millions)
Operating lease expense	$ 71.0
Finance lease expense	12.1
Total lease expense	$ 83.1

Separately, as a result of our decision to close our Denver, Colorado office, we recorded an impairment loss of $1.1 million to the Denver, Colorado office lease right-of use asset in the fourth quarter of 2019.

Supplemental cash flow information related to leases for the year ended December 31, 2019 was as follows:

	Year ended December 31, 2019 (In millions)	
Cash paid for amounts included in the measurements of lease liabilities:		
Operating cash flows from operating leases	$	52.2
Operating cash flows from finance leases	$	3.8
Financing cash flows from finance leases	$	2.8
Supplemental non-cash information on right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	$	45.6
Finance leases	$	9.2

Supplemental balance sheet information related to leases as of December 31, 2019 was as follows:

	Balance Sheet Classification	As of December 31, 2019 (In millions)	
Operating Leases			
Operating lease right-of-use assets	Other assets	$	154.5
Current operating lease liabilities	Accounts payable and other current liabilities	$	46.6
Non-current operating lease liabilities	Other liabilities		119.5
Total operating lease liabilities		$	166.1
Finance Leases			
Finance lease right-of-use assets	Properties, net	$	73.0
Current finance lease liabilities	Current portion of long-term debt and short-term borrowings	$	34.5
Non-current finance lease liabilities	Long-term debt		60.0
Total finance lease liabilities		$	94.5

The weighted-average remaining lease term and discount rate as of December 31, 2019 are as follows:

	Weighted-Average Remaining Lease Term (Years)	Weighted-Average Discount Rate
Operating leases	4.5	4.2%
Finance leases	9.8	6.1%

Based on foreign exchange rates as of December 31, 2019, maturities of lease liabilities were as follows:

	Operating Leases	Finance Leases
	(In millions)	
2020	$ 52.2	$ 38.9
2021	42.2	6.5
2022	32.8	6.5
2023	23.0	6.5
2024	11.2	6.5
Thereafter	21.3	68.7
Total lease payments	$ 182.7	$ 133.6
Less: interest	(16.6)	(39.1)
Present value of lease liabilities	$ 166.1	$ 94.5

Executed leases that have not yet commenced as of December 31, 2019 are immaterial.

Information as of December 31, 2018, as well as comparative period information under historical lease accounting guidance

Gross assets recorded under finance leases as of December 31, 2018 were $82.5 million. The associated accumulated amortization on these assets as of December 31, 2018 was $13.2 million. These amounts are recorded within properties, net on the consolidated balance sheet. Current and non-current finance lease liabilities as of December 31, 2018 were $3.2 million and $82.1 million, respectively, and were recorded in accounts payable and other current liabilities and other non-current liabilities, respectively, on the consolidated balance sheet. Separately, during the year ended December 31, 2018 and December 31, 2017, non-cash activities related to the recognition of finance leases was $15.5 million and $33.8 million, respectively.

Based on foreign exchange rates as of December 31, 2018, future minimum lease payments under operating leases that have initial or remaining non-cancelable terms in excess of one year, as well as finance leases, are as follows:

Year	Operating Leases	Finance Leases
	(In millions)	
2019	$ 49.4	$ 6.1
2020	40.2	36.2
2021	32.6	5.9
2022	24.6	5.9
2023	17.0	5.8
Thereafter	21.0	64.2
Total future minimum lease payments	$ 184.8	$ 124.1
Less: interest on finance leases		(38.8)
Present value of future minimum finance lease payments		$ 85.3

Total rent expense was $66.1 million and $64.1 million in 2018 and 2017, respectively.

20. Supplemental Guarantor Information

For purposes of this Note 20, including the tables, "Parent Issuer" shall mean MCBC. "Subsidiary Guarantors" shall mean certain Canadian and U.S. subsidiaries reflecting the substantial operations of each of our Canada and U.S. segments.

SEC Registered Securities

On May 3, 2012, MCBC issued $1.9 billion of senior notes, in a registered public offering, consisting of $300 million 2.0% senior notes due 2017 (subsequently repaid in the second quarter of 2017), $500 million 3.5% senior notes due 2022, and $1.1 billion 5.0% senior notes due 2042. Additionally, on July 7, 2016, MCBC issued the $500 million 1.45% senior notes due 2019 (subsequently repaid in the third quarter of 2019), $1.0 billion 2.10% senior notes due 2021, $2.0 billion 3.0% senior notes due 2026, $1.8 billion 4.2% senior notes due 2046 and EUR $800.0 million 1.25% senior notes due 2024, in a registered public offering. In December 2017, MCBC completed an exchange offer in which it issued publicly registered senior notes in exchange for its $500 million 1.90% senior notes due 2019 (subsequently repaid in the first quarter of 2019), $500 million 2.25% senior notes due 2020 and our EUR 500 million floating rate senior notes due 2019 (subsequently repaid in the first quarter of 2019), which were issued in private placement transactions in March 2017. "Parent Issuer" in the below tables is specifically referring to MCBC in its capacity as the issuer of these 2012, 2016 and 2017 issuances. These senior notes are guaranteed on a senior unsecured basis by the Subsidiary Guarantors. Each of the Subsidiary Guarantors is 100% owned by the Parent Issuer. The guarantees are full and unconditional and joint and several.

None of our other outstanding debt is registered with the SEC, and such other outstanding debt is guaranteed on a senior unsecured basis by the Parent and/or Subsidiary Guarantors. These guarantees are full and unconditional and joint and several. See Note 11, "Debt" for details of all debt issued and outstanding as of December 31, 2019.

Presentation

In the fourth quarter of 2019, MillerCoors LLC, a subsidiary guarantor, as well as certain other subsidiary guarantors declared distributions totaling approximately $5 billion to MCBC, which were simultaneously non-cash settled via offset to an equal amount of payables that were owed by MCBC to MillerCoors LLC and the other subsidiary guarantors. Also in the fourth quarter of 2019, two subsidiary guarantors, each separately agreed to transfer certain intercompany note receivables to two separate subsidiary non-guarantors, in consideration for equity in non-cash transactions of approximately CAD 5 billion and approximately EUR 1 billion, respectively.

In the first quarter of 2018, MillerCoors LLC, a subsidiary guarantor, declared a distribution of approximately $1.7 billion to MCBC, which was simultaneously non-cash settled via offset to an equal amount of payables that were owed by MCBC to MillerCoors LLC.

The following information sets forth the condensed consolidating statements of operations for the years ended December 31, 2019, December 31, 2018 and December 31, 2017, condensed consolidating balance sheets as of December 31, 2019 and December 31, 2018, and condensed consolidating statements of cash flows for the years ended December 31, 2019, December 31, 2018 and December 31, 2017. Investments in subsidiaries are accounted for under the equity method; accordingly, entries necessary to consolidate the Parent Issuer and all of our guarantor and non-guarantor subsidiaries are reflected in the eliminations column. In the opinion of management, separate complete financial statements of MCBC and the Subsidiary Guarantors would not provide additional material information that would be useful in assessing their financial composition.

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
(IN MILLIONS)

	Year ended December 31, 2019				
	Parent Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Sales	$ 115.8	$ 9,931.2	$ 3,583.6	$ (621.5)	$ 13,009.1
Excise taxes	—	(1,356.5)	(1,073.2)	—	(2,429.7)
Net sales	115.8	8,574.7	2,510.4	(621.5)	10,579.4
Cost of goods sold	(8.4)	(5,057.6)	(1,762.0)	449.8	(6,378.2)
Gross profit	107.4	3,517.1	748.4	(171.7)	4,201.2
Marketing, general and administrative expenses	(244.0)	(1,994.9)	(660.8)	171.7	(2,728.0)
Special items, net	(14.4)	(317.1)	(377.3)	—	(708.8)
Equity income (loss) in subsidiaries	593.4	(444.8)	(199.1)	50.5	—
Operating income (loss)	442.4	760.3	(488.8)	50.5	764.4
Interest income (expense), net	(297.9)	262.1	(236.9)	—	(272.7)
Other pension and postretirement benefits (costs), net	—	(25.4)	28.3	—	2.9
Other income (expense), net	(0.5)	(47.5)	33.3	—	(14.7)
Total other income (expense), net	(298.4)	189.2	(175.3)	—	(284.5)
Income (loss) before income taxes	144.0	949.5	(664.1)	50.5	479.9
Income tax benefit (expense)	97.7	(354.4)	23.0	—	(233.7)
Net income (loss)	241.7	595.1	(641.1)	50.5	246.2
Net (income) loss attributable to noncontrolling interests	—	—	(4.5)	—	(4.5)
Net income (loss) attributable to MCBC	$ 241.7	$ 595.1	$ (645.6)	$ 50.5	$ 241.7
Comprehensive income (loss) attributable to MCBC	$ 304.3	$ 695.3	$ (608.3)	$ (87.0)	$ 304.3

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
(IN MILLIONS)

	Year ended December 31, 2018				
	Parent Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Sales	$ 162.5	$ 10,118.0	$ 3,739.8	$ (682.3)	$ 13,338.0
Excise taxes	—	(1,420.3)	(1,148.1)	—	(2,568.4)
Net sales	162.5	8,697.7	2,591.7	(682.3)	10,769.6
Cost of goods sold	(2.0)	(5,242.6)	(1,800.3)	460.1	(6,584.8)
Gross profit	160.5	3,455.1	791.4	(222.2)	4,184.8
Marketing, general and administrative expenses	(305.5)	(2,041.0)	(678.4)	222.2	(2,802.7)
Special items, net	(1.7)	270.6	(19.2)	—	249.7
Equity income (loss) in subsidiaries	1,367.8	(126.5)	131.4	(1,372.7)	—
Operating income (loss)	1,221.1	1,558.2	225.2	(1,372.7)	1,631.8
Other income (expense), net					
Interest income (expense), net	(323.2)	342.7	(317.7)	—	(298.2)
Other pension and postretirement benefits (costs), net	(0.1)	5.4	32.9	—	38.2
Other income (expense), net	(0.1)	(57.3)	45.4	—	(12.0)
Total other income (expense), net	(323.4)	290.8	(239.4)	—	(272.0)
Income (loss) before income taxes	897.7	1,849.0	(14.2)	(1,372.7)	1,359.8
Income tax benefit (expense)	218.8	(480.8)	36.8	—	(225.2)
Net income (loss)	1,116.5	1,368.2	22.6	(1,372.7)	1,134.6
Net (income) loss attributable to noncontrolling interests	—	—	(18.1)	—	(18.1)
Net income (loss) attributable to MCBC	$ 1,116.5	$ 1,368.2	$ 4.5	$ (1,372.7)	$ 1,116.5
Comprehensive income (loss) attributable to MCBC	$ 826.5	$ 1,061.9	$ (122.8)	$ (939.1)	$ 826.5

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
(IN MILLIONS)

	Year ended December 31, 2017				
	Parent Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Sales	$ 21.8	$ 10,457.9	$ 3,513.7	$ (521.9)	$ 13,471.5
Excise taxes	—	(1,475.1)	(993.6)	—	(2,468.7)
Net sales	21.8	8,982.8	2,520.1	(521.9)	11,002.8
Cost of goods sold	(2.0)	(5,020.3)	(1,701.4)	487.0	(6,236.7)
Gross profit	19.8	3,962.5	818.7	(34.9)	4,766.1
Marketing, general and administrative expenses	(284.8)	(2,165.8)	(636.3)	34.9	(3,052.0)
Special items, net	(0.8)	(29.8)	(5.8)	—	(36.4)
Equity income (loss) in subsidiaries	2,001.8	(285.7)	193.4	(1,909.5)	—
Operating income (loss)	1,736.0	1,481.2	370.0	(1,909.5)	1,677.7
Other income (expense), net					
Interest income (expense), net	(308.4)	275.6	(310.5)	—	(343.3)
Other pension and postretirement benefits (costs), net	—	1.3	46.1	—	47.4
Other income (expense), net	(8.5)	178.9	(169.0)	—	1.4
Total other income (expense), net	(316.9)	455.8	(433.4)	—	(294.5)
Income (loss) before income taxes	1,419.1	1,937.0	(63.4)	(1,909.5)	1,383.2
Income tax benefit (expense)	146.5	64.8	(6.7)	—	204.6
Net income (loss)	1,565.6	2,001.8	(70.1)	(1,909.5)	1,587.8
Net (income) loss attributable to noncontrolling interests	—	—	(22.2)	—	(22.2)
Net income (loss) attributable to MCBC	$ 1,565.6	$ 2,001.8	$ (92.3)	$ (1,909.5)	$ 1,565.6
Comprehensive income (loss) attributable to MCBC	$ 2,277.4	$ 2,785.8	$ 376.8	$ (3,162.6)	$ 2,277.4

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
(IN MILLIONS)

	As of December 31, 2019				
	Parent Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 15.7	$ 119.6	$ 388.1	$ —	$ 523.4
Accounts receivable, net	—	396.3	318.5	—	714.8
Other receivables, net	14.4	58.4	32.7	—	105.5
Inventories, net	—	449.1	166.8	—	615.9
Other current assets, net	3.0	126.0	95.8	—	224.8
Intercompany accounts receivable	94.1	190.0	14.9	(299.0)	—
Total current assets	127.2	1,339.4	1,016.8	(299.0)	2,184.4
Properties, net	19.8	3,294.7	1,232.0	—	4,546.5
Goodwill	—	6,146.5	1,484.9	—	7,631.4
Other intangibles, net	4.0	11,750.6	1,901.4	—	13,656.0
Net investment in and advances to subsidiaries	21,200.6	8,364.9	4,497.9	(34,063.4)	—
Other assets	137.2	364.4	417.9	(78.0)	841.5
Total assets	$ 21,488.8	$ 31,260.5	$ 10,550.9	$ (34,440.4)	$ 28,859.8
Liabilities and equity					
Current liabilities:					
Accounts payable and other current liabilities	$ 170.7	$ 1,722.0	$ 874.6	$ —	$ 2,767.3
Current portion of long-term debt and short-term borrowings	499.7	415.1	13.4	—	928.2
Intercompany accounts payable	—	150.7	148.3	(299.0)	—
Total current liabilities	670.4	2,287.8	1,036.3	(299.0)	3,695.5
Long-term debt	7,250.3	779.1	80.1	—	8,109.5
Pension and postretirement benefits	7.2	695.5	13.9	—	716.6
Deferred tax liabilities	—	1,593.3	743.3	(78.0)	2,258.6
Other liabilities	142.6	172.2	91.7	—	406.5
Intercompany notes payable	—	—	65.0	(65.0)	—
Total liabilities	8,070.5	5,527.9	2,030.3	(442.0)	15,186.7
MCBC stockholders' equity	13,419.4	25,796.5	8,266.9	(34,063.4)	13,419.4
Intercompany notes receivable	(1.1)	(63.9)	—	65.0	—
Total stockholders' equity	13,418.3	25,732.6	8,266.9	(33,998.4)	13,419.4
Noncontrolling interests	—	—	253.7	—	253.7
Total equity	13,418.3	25,732.6	8,520.6	(33,998.4)	13,673.1
Total liabilities and equity	$ 21,488.8	$ 31,260.5	$ 10,550.9	$ (34,440.4)	$ 28,859.8

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
(IN MILLIONS)

	As of December 31, 2018				
	Parent Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 515.8	$ 156.1	$ 386.0	$ —	$ 1,057.9
Accounts receivable, net	—	427.3	317.1	—	744.4
Other receivables, net	50.0	48.3	28.3	—	126.6
Inventories, net	—	451.6	140.2	—	591.8
Other current assets, net	3.0	157.2	85.4	—	245.6
Intercompany accounts receivable	—	2,366.0	31.0	(2,397.0)	—
Total current assets	568.8	3,606.5	988.0	(2,397.0)	2,766.3
Properties, net	19.0	3,427.5	1,161.8	—	4,608.3
Goodwill	—	6,444.0	1,816.8	—	8,260.8
Other intangibles, net	6.0	11,800.0	1,970.4	—	13,776.4
Net investment in and advances to subsidiaries	25,475.0	3,893.2	4,579.7	(33,947.9)	—
Other assets	159.9	193.2	436.0	(91.1)	698.0
Total assets	$ 26,228.7	$ 29,364.4	$ 10,952.7	$ (36,436.0)	$ 30,109.8
Liabilities and equity					
Current liabilities:					
Accounts payable and other current liabilities	$ 170.8	$ 1,651.0	$ 884.6	$ —	$ 2,706.4
Current portion of long-term debt and short-term borrowings	1,572.6	—	21.9	—	1,594.5
Intercompany accounts payable	1,836.5	120.9	439.6	(2,397.0)	—
Total current liabilities	3,579.9	1,771.9	1,346.1	(2,397.0)	4,300.9
Long-term debt	7,765.6	1,097.4	30.8	—	8,893.8
Pension and postretirement benefits	3.2	711.2	12.2	—	726.6
Deferred tax liabilities	—	1,461.1	758.9	(91.1)	2,128.9
Other liabilities	26.0	199.3	98.5	—	323.8
Intercompany notes payable	1,347.6	63.6	5,998.6	(7,409.8)	—
Total liabilities	12,722.3	5,304.5	8,245.1	(9,897.9)	16,374.0
MCBC stockholders' equity	13,507.4	30,057.5	3,890.4	(33,947.9)	13,507.4
Intercompany notes receivable	(1.0)	(5,997.6)	(1,411.2)	7,409.8	—
Total stockholders' equity	13,506.4	24,059.9	2,479.2	(26,538.1)	13,507.4
Noncontrolling interests	—	—	228.4	—	228.4
Total equity	13,506.4	24,059.9	2,707.6	(26,538.1)	13,735.8
Total liabilities and equity	$ 26,228.7	$ 29,364.4	$ 10,952.7	$ (36,436.0)	$ 30,109.8

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
(IN MILLIONS)

	Year ended December 31, 2019				
	Parent Issuer	**Subsidiary Guarantors**	**Subsidiary Non Guarantors**	**Eliminations**	**Consolidated**
Net cash provided by (used in) operating activities	$ 1,328.1	$ 494.9	$ 279.8	$ (205.5)	$ 1,897.3
CASH FLOWS FROM INVESTING ACTIVITIES:					
Additions to properties	(9.3)	(354.9)	(229.6)	—	(593.8)
Proceeds from sales of properties and other assets	—	110.3	5.6	—	115.9
Other	46.2	(4.5)	2.9	—	44.6
Net intercompany investing activity	89.9	84.9	65.2	(240.0)	—
Net cash provided by (used in) investing activities	126.8	(164.2)	(155.9)	(240.0)	(433.3)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Exercise of stock options under equity compensation plans	1.6	—	—	—	1.6
Dividends paid	(389.6)	(205.5)	(34.8)	205.5	(424.4)
Payments on debt and borrowings	(1,566.3)	(0.9)	(19.0)	—	(1,586.2)
Proceeds on debt and borrowings	—	—	3.0	—	3.0
Net proceeds from (payments on) revolving credit facilities and commercial paper	—	—	(4.7)	—	(4.7)
Other	(3.8)	(9.8)	17.3	—	3.7
Net intercompany financing activity	—	(156.2)	(83.8)	240.0	—
Net cash provided by (used in) financing activities	(1,958.1)	(372.4)	(122.0)	445.5	(2,007.0)
CASH AND CASH EQUIVALENTS:					
Net increase (decrease) in cash and cash equivalents	(503.2)	(41.7)	1.9	—	(543.0)
Effect of foreign exchange rate changes on cash and cash equivalents	3.1	5.2	0.2	—	8.5
Balance at beginning of year	515.8	156.1	386.0	—	1,057.9
Balance at end of period	$ 15.7	$ 119.6	$ 388.1	$ —	$ 523.4

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
(IN MILLIONS)

	Year ended December 31, 2018				
	Parent Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 1,199.8	$ 1,044.6	$ 331.7	$ (244.8)	$ 2,331.3
CASH FLOWS FROM INVESTING ACTIVITIES:					
Additions to properties	(11.1)	(440.5)	(200.1)	—	(651.7)
Proceeds from sales of properties and other assets	—	23.4	9.1	—	32.5
Other	—	(0.6)	(49.3)	—	(49.9)
Net intercompany investing activity	46.3	(35.4)	176.4	(187.3)	—
Net cash provided by (used in) investing activities	35.2	(453.1)	(63.9)	(187.3)	(669.1)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Exercise of stock options under equity compensation plans	16.0	—	—	—	16.0
Dividends paid	(325.2)	(56.4)	(217.4)	244.8	(354.2)
Payments on debt and borrowings	—	(307.3)	(12.5)	—	(319.8)
Debt issuance costs	(0.5)	—	—	—	(0.5)
Net proceeds from (payments on) revolving credit facilities and commercial paper	(378.4)	—	4.1	—	(374.3)
Other	(5.1)	(8.5)	37.5	—	23.9
Net intercompany financing activity	(32.6)	(199.9)	45.2	187.3	—
Net cash provided by (used in) financing activities	(725.8)	(572.1)	(143.1)	432.1	(1,008.9)
CASH AND CASH EQUIVALENTS:					
Net increase (decrease) in cash and cash equivalents	509.2	19.4	124.7	—	653.3
Effect of foreign exchange rate changes on cash and cash equivalents	—	(4.2)	(9.8)	—	(14.0)
Balance at beginning of year	6.6	140.9	271.1	—	418.6
Balance at end of period	$ 515.8	$ 156.1	$ 386.0	$ —	$ 1,057.9

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
(IN MILLIONS)

	Year ended December 31, 2017				
	Parent Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 792.5	$ 1,474.7	$ 818.5	$ (1,219.4)	$ 1,866.3
CASH FLOWS FROM INVESTING ACTIVITIES:					
Additions to properties	(12.1)	(428.6)	(158.9)	—	(599.6)
Proceeds from sales of properties and other assets	—	4.4	56.1	—	60.5
Other	—	0.4	0.5	—	0.9
Net intercompany investing activity	72.1	21.1	(254.4)	161.2	—
Net cash provided by (used in) investing activities	60.0	(402.7)	(356.7)	161.2	(538.2)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Exercise of stock options under equity compensation plans	4.0	—	—	—	4.0
Dividends paid	(324.0)	(809.5)	(439.3)	1,219.4	(353.4)
Payments on debt and borrowings	(2,600.0)	(398.4)	(1.7)	—	(3,000.1)
Proceeds on debt and borrowings	1,536.0	—	—	—	1,536.0
Debt issuance costs	(7.0)	—	—	—	(7.0)
Net proceeds from (payments on) revolving credit facilities and commercial paper	378.5	—	(4.2)	—	374.3
Other	(12.9)	(11.1)	(26.2)	—	(50.2)
Net intercompany financing activity	32.2	149.1	(20.1)	(161.2)	—
Net cash provided by (used in) financing activities	(993.2)	(1,069.9)	(491.5)	1,058.2	(1,496.4)
CASH AND CASH EQUIVALENTS:					
Net increase (decrease) in cash and cash equivalents	(140.7)	2.1	(29.7)	—	(168.3)
Effect of foreign exchange rate changes on cash and cash equivalents	—	(2.7)	28.7	—	26.0
Balance at beginning of year	147.3	141.5	272.1	—	560.9
Balance at end of period	$ 6.6	$ 140.9	$ 271.1	$ —	$ 418.6

21. Quarterly Financial Information (Unaudited)

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	2019	2018	2019	2018	2019	2018	2019	2018
	(In millions, except per share data)							
Sales	$ 2,800.1	$ 2,868.0	$ 3,620.0	$ 3,820.5	$ 3,498.0	$ 3,625.1	$ 3,091.0	$ 3,024.4
Excise taxes	(496.8)	(536.5)	(671.7)	(735.3)	(656.4)	(690.9)	(604.8)	(605.7)
Net sales	2,303.3	2,331.5	2,948.3	3,085.2	2,841.6	2,934.2	2,486.2	2,418.7
Cost of goods sold	(1,413.0)	(1,535.7)	(1,759.8)	(1,739.1)	(1,685.4)	(1,714.0)	(1,520.0)	(1,596.0)
Gross profit	$ 890.3	$ 795.8	$ 1,188.5	$ 1,346.1	$ 1,156.2	$ 1,220.2	$ 966.2	$ 822.7
Amounts attributable to Molson Coors Beverage Company:								
Net income (loss) attributable to Molson Coors Beverage Company	$ 151.4	$ 278.1	$ 329.4	$ 424.1	$ (402.8)	$ 338.3	$ 163.7	$ 76.0
Basic net income (loss) attributable to Molson Coors Beverage Company per share	$ 0.70	$ 1.29	$ 1.52	$ 1.96	$ (1.86)	$ 1.57	$ 0.76	$ 0.35
Diluted net income (loss) attributable to Molson Coors Beverage Company per share	$ 0.70	$ 1.28	$ 1.52	$ 1.96	$ (1.86)	$ 1.56	$ 0.75	$ 0.35

The sum of the quarterly net income per share amounts may not agree to the full-year net income per share amounts. We calculate net income per share based on the weighted-average number of outstanding shares during the reporting period. The average number of shares fluctuates throughout the year and can therefore produce a full-year result that does not agree to the sum of the individual quarters. Additionally, due to the anti-dilutive effect resulting from the reported net loss attributable to MCBC for the three months ended September 30, 2019, the impact of potentially dilutive securities has been excluded from the quarterly calculation of weighted-average shares for diluted EPS for the third quarter of 2019.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures as such term is defined under Rule 13a-15(e) under the Exchange Act. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2019 to provide reasonable assurance that information required to be disclosed in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management necessarily applies its judgment in assessing the costs and benefits of such disclosure controls and procedures that, by their nature, can only provide reasonable assurance regarding management's control objectives. Also, we have investments in certain unconsolidated entities that we do not control or manage.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rule 13a-15(f). Our 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 U.S. GAAP. 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 U.S. GAAP, 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.

Our Chief Executive Officer and our Chief Financial Officer, with assistance from other members of management, assessed the effectiveness of our internal control over financial reporting as of December 31, 2019, based on the framework and criteria established in *Internal Control—Integrated Framework* (2013 Framework), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2019.

An independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the effectiveness of our internal control over financial reporting as of December 31, 2019, as stated in their report which appears in Part II—Item 8 Financial Statements and Supplementary Data.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the quarter ended December 31, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Incorporated by reference to our definitive proxy statement for our 2020 annual meeting of stockholders, which will be filed no later than 120 days after December 31, 2019.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference to our definitive proxy statement for our 2020 annual meeting of stockholders, which will be filed no later than 120 days after December 31, 2019.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Incorporated by reference to our definitive proxy statement for our 2020 annual meeting of stockholders, which will be filed no later than 120 days after December 31, 2019.

Equity Compensation Plan Information

The following table summarizes information about the Incentive Compensation Plan as of December 31, 2019. All outstanding awards shown in the table below relate to our Class B common stock.

Plan category	A Number of securities to be issued upon exercise of outstanding options, warrants and rights	B Weighted-average exercise price of outstanding options, warrants and rights	C Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A)
Equity compensation plans approved by security holders(1)	3,384,076	$68.77	2,979,709
Equity compensation plans not approved by security holders	—	N/A	—
Total	3,384,076	$68.77	2,979,709

(1) Under the Incentive Compensation Plan, we may issue RSUs, DSUs, PSUs and stock options. Amount in column A includes 1,169,125 RSUs and DSUs, 652,241 PSUs (assuming the target award is met) and 1,562,710 options, respectively, outstanding as of December 31, 2019. See Part II—Item 8 Financial Statements and Supplementary Data, Note 13, "Share-Based Payments" for further discussion. Outstanding RSUs, DSUs and PSUs do not have exercise prices and therefore have been disregarded for purposes of calculating the weighted-average exercise price.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Incorporated by reference to our definitive proxy statement for our 2020 annual meeting of stockholders, which will be filed no later than 120 days after December 31, 2019.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Incorporated by reference to our definitive proxy statement for our 2020 annual meeting of stockholders, which will be filed no later than 120 days after December 31, 2019.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements, Financial Statement Schedules and Exhibits

The following are filed or incorporated by reference as a part of this Annual Report on Form 10-K:

(1) Management's Report

Report of Independent Registered Public Accounting Firm

Consolidated Statements of Operations for the years ended December 31, 2019, December 31, 2018, and December 31, 2017

Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2019, December 31, 2018, and December 31, 2017

Consolidated Balance Sheets as of December 31, 2019, and December 31, 2018

Consolidated Statements of Cash Flows for the years ended December 31, 2019, December 31, 2018, and December 31, 2017

Consolidated Statements of Stockholders' Equity and Noncontrolling Interests for the years ended December 31, 2019, December 31, 2018, and December 31, 2017

Notes to Consolidated Financial Statements

(2) Schedule II—Valuation and Qualifying Accounts for the years ended December 31, 2019, December 31, 2018, and December 31, 2017

(3) Exhibit list

		Incorporated by Reference			Filed Herewith
Exhibit Number	**Document Description**	**Form**	**Exhibit**	**Filing Date**	
3.1	Restated Certificate of Incorporation of Molson Coors Beverage Company, as amended to date.				X
3.2	Fourth Amended and Restated Bylaws of Molson Coors Beverage Company.	8-K	3.2	January 2, 2020	
4.1.1	Specimen Class A Common Stock Certificate				X
4.1.2	Specimen Class B Common Stock Certificate				X
4.2.1	Indenture, dated as of May 3, 2012, by and among Molson Coors Brewing Company, the guarantors named therein and Deutsche Bank Trust Company Americas, as trustee.	8-K	4.1	May 3, 2012	
4.2.2	First Supplemental Indenture, dated as of May 3, 2012, to the Indenture dated May 3, 2012, by and among Molson Coors Brewing Company, the guarantors named therein and Deutsche Bank Trust Company Americas, as trustee.	8-K	4.2	May 3, 2012	
4.2.3	Second Supplemental Indenture, dated as of June 15, 2012, to the Indenture dated May 3, 2012, by and among Molson Coors Brewing Company, the guarantors named therein and Deutsche Bank Trust Company Americas, as trustee.	10-Q	4.8	August 8, 2012	
4.2.4	Third Supplemental Indenture, dated as of May 13, 2016, to the Indenture dated May 3, 2012, by and among Molson Coors Brewing Company, the guarantors named therein and Deutsche Bank Trust Company Americas, as trustee.	8-K	4.3	June 28, 2016	

Exhibit Number	Document Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
4.2.5	Fourth Supplemental Indenture, dated as of August 19, 2016, to the Indenture dated May 3, 2012, by and among Molson Coors Brewing Company, the guarantors named therein and Deutsche Bank Trust Company Americas, as trustee.	10-Q	4.9	November 1, 2016	
4.2.6	Fifth Supplemental Indenture, dated as of September 30, 2016, to the Indenture dated May 3, 2012, by and among Molson Coors Brewing Company, the guarantors named therein and Deutsche Bank Trust Company Americas, as trustee.	10-Q	4.10	November 1, 2016	
4.2.7	Sixth Supplemental Indenture, dated as of October 11, 2016, to the Indenture dated May 3, 2012, by and among Molson Coors Brewing Company, the guarantors named therein and Deutsche Bank Trust Company Americas, as trustee.	10-K	4.2.7	February 14, 2017	
4.2.8	Seventh Supplemental Indenture, dated as of January 11, 2018, to the Indenture dated May 3, 2012, by and among Molson Coors Brewing Company, the guarantors named therein and Deutsche Bank Trust Company Americas, as trustee.	10-K	4.1.8	February 14, 2018	
4.3	Form of 3.500% Senior Notes due 2022.	8-K	4.2	May 3, 2012	
4.4	Form of 5.000% Senior Notes due 2042.	8-K	4.2	May 3, 2012	
4.5	Registration Rights Agreement, dated as of February 9, 2005, by and among Adolph Coors Company, Pentland Securities (1981) Inc., 4280661 Canada Inc., Nooya Investments Ltd., Lincolnshire Holdings Limited, 4198832 Canada Inc., BAX Investments Limited, 6339522 Canada Inc., Barleycorn Investments Ltd., DJS Holdings Ltd., 6339549 Canada Inc., Hoopoe Holdings Ltd., 6339603 Canada Inc., and The Adolph Coors, Jr. Trust dated September 12, 1969.	8-K	99.2	February 15, 2005	
4.6.1	Indenture, dated as of September 18, 2015, by and among Molson Coors International LP, the guarantors named therein and Computershare Trust Company of Canada, as trustee.	8-K	4.1	September 18, 2015	
4.6.2	First Supplemental Indenture, dated as of September 18, 2015, to the Indenture dated September 18, 2015, by and among Molson Coors International LP, the guarantors named therein and Computershare Trust Company of Canada, as trustee.	8-K	4.2	September 18, 2015	
4.6.3	Second Supplemental Indenture, dated as of September 18, 2015, to the Indenture dated September 18, 2015, by and among Molson Coors International LP, the guarantors named therein and Computershare Trust Company of Canada, as trustee.	8-K	4.3	September 18, 2015	
4.6.4	Third Supplemental Indenture, dated as of May 13, 2016, to the Indenture dated September 18, 2015, by and among Molson Coors International LP, the guarantors named therein and Computershare Trust Company of Canada, as trustee.	8-K	4.2	June 28, 2016	
4.6.5	Fourth Supplemental Indenture, dated as of August 19, 2016, to the Indenture dated September 18, 2015, by and among Molson Coors International LP, the guarantors named therein and Computershare Trust Company of Canada, as trustee.	10-Q	4.3	November 1, 2016	
4.6.6	Fifth Supplemental Indenture, dated as of September 30, 2016, to the Indenture dated September 18, 2015, by and among Molson Coors International LP, the guarantors named therein and Computershare Trust Company of Canada, as trustee.	10-Q	4.4	November 1, 2016	

Exhibit Number	Document Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
4.6.7	Sixth Supplemental Indenture, dated as of October 11, 2016, to the Indenture dated September 18, 2015, by and among Molson Coors International LP, the guarantors named therein and Computershare Trust Company of Canada, as trustee.	10-K	4.4.7	February 14, 2017	
4.6.8	Seventh Supplemental Indenture, dated as of January 11, 2018, to the Indenture dated September 18, 2015, by and among Molson Coors International LP, the guarantors named therein and Computershare Trust Company of Canada, as trustee.	10-K	4.5.8	February 14, 2018	
4.7	Form of 2.75% Series 2 Notes due 2020.	8-K	4.3	September 18, 2015	
4.8.1	Indenture, dated as of July 7, 2016, by and among Molson Coors Brewing Company, the guarantors named therein and Deutsche Bank Trust Company Americas, as trustee.	8-K	4.1	July 7, 2016	
4.8.2	First Supplemental Indenture, dated as of July 7, 2016, to the Indenture dated July 7, 2016, by and among Molson Coors Brewing Company, the guarantors named therein and Deutsche Bank Trust Company Americas, as trustee and paying agent.	8-K	4.2	July 7, 2016	
4.8.3	Second Supplemental Indenture, dated as of July 7, 2016, to the Indenture dated July 7, 2016, by and among Molson Coors Brewing Company, the guarantors named therein and Deutsche Bank Trust Company Americas, as trustee.	8-K	4.3	July 7, 2016	
4.8.4	Third Supplemental Indenture, dated as of August 19, 2016, to the Indenture dated July 7, 2016, by and among Molson Coors Brewing Company, the guarantors named therein and Deutsche Bank Trust Company Americas, as trustee.	10-Q	4.14	November 1, 2016	
4.8.5	Fourth Supplemental Indenture, dated as of September 30, 2016, to the Indenture dated July 7, 2016, by and among Molson Coors Brewing Company, the guarantors named therein and Deutsche Bank Trust Company Americas, as trustee.	10-Q	4.15	November 1, 2016	
4.8.6	Fifth Supplemental Indenture, dated as of October 11, 2016, to the Indenture dated July 7, 2016, by and among Molson Coors Brewing Company, the guarantors named therein and Deutsche Bank Trust Company Americas, as trustee.	10-K	4.5.6	February 14, 2017	
4.8.7	Sixth Supplemental Indenture, dated as of January 11, 2018, to the Indenture dated July 7, 2016, by and among Molson Coors Brewing Company, the guarantors named therein and Deutsche Bank Trust Company Americas, as trustee.	10-K	4.8.7	February 14, 2018	
4.9	Form of 1.250% Senior Notes due 2024.	8-K	4.2	July 7, 2016	
4.10	Form of 2.100% Senior Notes due 2021.	8-K	4.3	July 7, 2016	
4.11	Form of 3.000% Senior Notes due 2026.	8-K	4.3	July 7, 2016	
4.12	Form of 4.200% Senior Notes due 2046.	8-K	4.3	July 7, 2016	
4.13.1	Indenture, dated as of July 7, 2016, by and among Molson Coors International LP, Molson Coors Brewing Company, as parent, the subsidiary guarantors named therein and Computershare Trust Company of Canada, as trustee.	8-K	4.9	July 7, 2016	
4.13.2	First Supplemental Indenture, dated as of July 7, 2016, to the Indenture dated July 7, 2016, by and among Molson Coors International LP, Molson Coors Brewing Company, as parent, the subsidiary guarantors named therein and Computershare Trust Company of Canada, as trustee.	8-K	4.10	July 7, 2016	

Exhibit Number	Document Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
4.13.3	Second Supplemental Indenture, dated as of August 19, 2016, to the Indenture dated July 7, 2016, by and among Molson Coors International LP, the guarantors named therein and Computershare Trust Company of Canada, as trustee.	10-Q	4.7	November 1, 2016	
4.13.4	Third Supplemental Indenture, dated as of September 30, 2016, to the Indenture dated July 7, 2016, by and among Molson Coors International LP, the guarantors named therein and Computershare Trust Company of Canada, as trustee.	10-Q	4.8	November 1, 2016	
4.13.5	Fourth Supplemental Indenture, dated as of October 11, 2016, to the Indenture dated July 7, 2016, by and among Molson Coors International LP, the guarantors named therein and Computershare Trust Company of Canada, as trustee.	10-K	4.11.5	February 14, 2017	
4.13.6	Fifth Supplemental Indenture, dated as of January 11, 2018, to the Indenture dated July 7, 2016, by and among Molson Coors International LP, the guarantors named therein and Computershare Trust Company of Canada, as trustee.	10-K	4.14.6	February 14, 2018	
4.14	Form of 2.840% Senior Notes due 2023.	8-K	4.10	July 7, 2016	
4.15	Form of 3.440% Senior Notes due 2026.	8-K	4.10	July 7, 2016	
4.16.1	Indenture, dated as of March 15, 2017, by and among Molson Coors Brewing Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee.	8-K	4.1	March 15, 2017	
4.16.2	First Supplemental Indenture, dated as of January 11, 2018, to the Indenture dated as of March 15, 2017, by and among Molson Coors Brewing Company, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee.	10-K	4.17.2	February 14, 2018	
4.17	Form of 2.250% Senior Notes due 2020.	8-K	4.1	March 15, 2017	
4.18	Description of Registrant's Securities				X
10.1 *	Amended and Restated Molson Coors Brewing Company Directors' Stock Plan effective May 31, 2012.	10-Q	10.7	August 8, 2012	
10.2.1 *	Amended and Restated Molson Coors Brewing Company Incentive Compensation Plan.	10-Q	10.1	August 6, 2015	
10.2.2 *	Form of Long-Term Incentive Performance Share Unit Award Agreement pursuant to the Amended and Restated Molson Coors Brewing Company Incentive Compensation Plan.	10-K	10.2.2	February 14, 2017	
10.2.3 *	Form of Restricted Stock Unit Agreement pursuant to the Amended and Restated Molson Coors Brewing Company Incentive Compensation Plan.	10-K	10.2.3	February 14, 2017	
10.2.4 *	Form of Directors DSU Award Statement pursuant to the Amended and Restated Molson Coors Brewing Company Incentive Compensation Plan.	10-K	10.2.4	February 14, 2017	
10.2.5 *	Form of Directors RSU Award Statement pursuant to the Amended and Restated Molson Coors Brewing Company Incentive Compensation Plan.	10-Q	10.6	November 7, 2008	
10.2.6 *	Form of Stock Option pursuant to the Amended and Restated Molson Coors Brewing Company Incentive Compensation Plan.	10-K	10.7.8	February 12, 2015	
10.3 *	Form of Executive Continuity and Protection Program Letter Agreement.	10-Q	10.7	May 11, 2005	
10.4 *	Molson Coors Brewing Company Amended and Restated Change in Control Protection Program dated as of July 18, 2019.	8-K	10.1	July 24, 2019	

Exhibit Number	Document Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
10.5 *	Offer Letter, dated as of September 30, 2016, by and between Peter H. Coors and Molson Coors Brewing Company.	8-K	10.1	October 4, 2016	
10.6.1	Credit Agreement, dated as of July 7, 2017, by and among Molson Coors Brewing Company, the borrowing subsidiaries party thereto, CitiBank, N.A., as administrative agent and a U.S. issuing bank, Bank of America, N.A., as a U.S. issuing bank, The Bank of Tokyo Mitsubishi UFJ, LTD. as a U.S. issuing bank, Citigroup Global Markets, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, and The Bank of Tokyo Mitsubishi UFJ, Ltd. as joint lead arrangers and joint bookrunners, and Bank of America, N.A. and The Bank of Tokyo Mitsubishi UFJ, Ltd. as Co-Syndication Agents.	8-K	10.1	July 13, 2017	
10.6.2	Amendment No. 1 and Extension Agreement, dated as of July 19, 2018, by and among Molson Coors Brewing Company, Molson Coors Brewing Company (UK) Limited, Molson Canada 2005, Molson Coors Canada Inc. and Molson Coors International LP, the lenders party thereto, and Citibank, N.A., as administrative agent.	8-K	10.1	July 19, 2018	
10.6.3	Extension Agreement, dated as of July 7, 2019, by and among Molson Coors Brewing Company, the Lenders party thereto, and Citibank, N.A., as Administrative Agent.	8-K	10.1	July 8, 2019	
10.6.4	Subsidiary Guarantee Agreement, dated as of July 7, 2017, by and among Molson Coors Brewing Company, the subsidiaries named on Schedule I thereto, and Citibank, N.A., as administrative agent.	8-K	10.2	July 13, 2017	
10.6.5	Supplement No. 1, dated as of January 11, 2018, to the Subsidiary Guarantee Agreement, dated July 7, 2017, by and among Molson Coors Brewing Company, the subsidiaries named on Schedule I thereto, and Citibank, N.A., as administrative agent.	10-K	10.8.3	February 14, 2018	
10.6.6	Supplement No. 2, dated as of January 14, 2019, to the Subsidiary Guarantee Agreement, dated July 7, 2017, by and among Molson Coors Brewing Company, the subsidiaries named on Schedule I thereto, and Citibank, N.A., as administrative agent.	10-K	10.7.5	February 12, 2019	
10.7	Form of Commercial Paper Dealer Agreement.	8-K	10.3	July 13, 2017	
10.8 *	Executive Employment Agreement, dated as of November 13, 2014, by and between Molson Coors Brewing Company and Mark R. Hunter	8-K	10.1	November 18, 2014	
10.9 *	Offer Letter, dated as of November 22, 2016, by and between Molson Coors Brewing Company and Tracey Joubert.	8-K	10.1	November 25, 2016	
10.10 *	Employment letter, dated as of November 2, 2009, by and between Molson Coors Brewing Company and Krishnan Anand.	10-Q	10.1	May 7, 2015	
10.11 *	Molson Coors Deferred Compensation Plan, as amended and restated effective January 1, 2018.	8-K	10.1	May 25, 2018	
10.12 *	Offer Letter, dated as of October 3, 2012, by and between Molson Coors Brewing Company and Celso White	10-Q	10.3	May 1, 2019	
10.13 *	Directors Service Agreement, dated as of October 1, 2012, by and between Molson Coors Brewing Company (UK) Limited and Simon John Cox.	10-Q	10.1	May 1, 2019	
10.14 *	Secondment Letter, dated as of December 5, 2014, by and between Molson Coors Brewing Company (UK) Limited and Simon Cox.	10-Q	10.2	May 1, 2019	
10.15 *	Offer Letter, dated as of July 30, 2019, by and between Molson Coors Brewing Company and Gavin D.K. Hattersley.	8-K	10.1	July 31, 2019	

		Incorporated by Reference			Filed Herewith
Exhibit Number	**Document Description**	**Form**	**Exhibit**	**Filing Date**	
21	**Subsidiaries of the Registrant.**				**X**
23.1	**Consent of Independent Registered Public Accounting Firm.**				**X**
31.1	**Section 302 Certification of Chief Executive Officer.**				**X**
31.2	**Section 302 Certification of Chief Financial Officer.**				**X**
32	**Written Statement of Chief Executive Officer and Chief Financial Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).**				**X**
101.INS **	**XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document****				**X**
101.SCH **	**XBRL Taxonomy Extension Schema Document**				**X**
101.CAL **	**XBRL Taxonomy Extension Calculation Linkbase Document**				**X**
101.DEF **	**XBRL Taxonomy Extension Definition Linkbase Document**				**X**
101.LAB **	**XBRL Taxonomy Extension Label Linkbase Document**				**X**
101.PRE **	**XBRL Taxonomy Extension Presentation Linkbase Document**				**X**

* Represents a management contract or compensatory plan or arrangement.

** Attached as Exhibit 101 to this report are the following documents formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Comprehensive Income (Loss), (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Stockholders' Equity and Noncontrolling Interests, (vi) the Notes to Consolidated Financial Statements, and (vii) document and entity information.

(b) Exhibits

The exhibits included in Item 15(a)(3) above are filed or incorporated by reference pursuant to the requirements of Item 601 of Regulation S-K.

(c) Other Financial Statement Schedules

SCHEDULE II
MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
(IN MILLIONS)

	Balance at beginning of year	Additions charged to costs and expenses	Deductions	Foreign exchange impact	Balance at end of year
Allowance for doubtful accounts—trade accounts receivable					
Year ended:					
December 31, 2019	$ 14.5	$ 7.0	$ (9.3)	$ (0.1)	$ 12.1
December 31, 2018	$ 17.2	$ 5.1	$ (7.1)	$ (0.7)	$ 14.5
December 31, 2017	$ 10.7	$ 7.2	$ (2.0)	$ 1.3	$ 17.2
Allowance for obsolete supplies and inventory					
Year ended:					
December 31, 2019	$ 25.4	$ 34.8	$ (38.2)	$ 0.2	$ 22.2
December 31, 2018	$ 15.5	$ 30.1	$ (19.6)	$ (0.6)	$ 25.4
December 31, 2017	$ 8.8	$ 20.6	$ (14.5)	$ 0.6	$ 15.5
Deferred tax valuation account					
Year ended:					
December 31, 2019	$ 1,040.0	$ 46.4	$ (990.4)	$ (22.2)	$ 73.8
December 31, 2018	$ 1,077.7	$ 18.7	$ (7.3)	$ (49.1)	$ 1,040.0
December 31, 2017	$ 901.7	$ 67.8	$ (21.1)	$ 129.3	$ 1,077.7

Deductions relate to write-offs of uncollectible accounts, claims or obsolete inventories and supplies. Deduction amounts related to the deferred tax valuation allowance are primarily due to the utilization of capital loss and operating loss carryforwards and re-evaluations of deferred tax assets. The impacts of changes in income tax rates on deferred tax valuation allowances are reported in the additions or deductions column accordingly. Deductions for the year ended December 31, 2019 also includes write-offs of valuation allowances resulting from the liquidation of certain European entities. See Part II—Item 8 Financial Statements and Supplementary Data, Note 6, "Income Tax" for additional details.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MOLSON COORS BEVERAGE COMPANY

By	/s/ GAVIN D.K. HATTERSLEY Gavin D.K. Hattersley	President, Chief Executive Officer and Director (Principal Executive Officer)

February 12, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

By	/s/ GAVIN D.K. HATTERSLEY Gavin D.K. Hattersley	President, Chief Executive Officer and Director (Principal Executive Officer)
By	/s/ TRACEY I. JOUBERT Tracey I. Joubert	Chief Financial Officer (Principal Financial Officer)
By	/s/ BRIAN C. TABOLT Brian C. Tabolt	Vice President and Controller (Principal Accounting Officer)
By	/s/ ANDREW T. MOLSON Andrew T. Molson	Chairman
By	/s/ PETER H. COORS Peter H. Coors	Vice Chairman
By	/s/ PETER J. COORS Peter J. Coors	Director
By	/s/ BETTY K. DEVITA Betty K. DeVita	Director
By	/s/ ROGER G. EATON Roger G. Eaton	Director
By	/s/ MARY LYNN FERGUSON-MCHUGH Mary Lynn Ferguson-McHugh	Director
By	/s/ CHARLES M. HERINGTON Charles M. Herington	Director
By	/s/ FRANKLIN W. HOBBS Franklin W. Hobbs	Director
By	/s/ GEOFFREY E. MOLSON Geoffrey E. Molson	Director
By	/s/ IAIN J. G. NAPIER Iain J. G. Napier	Director
By	/s/ H. SANFORD RILEY H. Sanford Riley	Director
By	/s/ DOUGLAS D. TOUGH Douglas D. Tough	Director
By	/s/ LOUIS VACHON Louis Vachon	Director

February 12, 2020

RESTATED CERTIFICATE OF INCORPORATION
OF
ADOLPH COORS COMPANY

(A Delaware Corporation)

The undersigned, being the Chief Legal Officer of Adolph Coors Company (the "Corporation"), a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

A. The name of the Corporation is Adolph Coors Company. The Corporation's original Certificate of Incorporation was filed under the same name with the Secretary of State of the State of Delaware on August 14, 2003.

B. This Restated Certificate of Incorporation, which amends and restates the original Certificate of Incorporation, was duly adopted in accordance with Sections 242 and 245 of the Delaware General Corporation Law (the "DGCL").

C. The Certificate of Incorporation of the Corporation is hereby amended and restated so as to read in its entirety as follows:

FIRST. The name of the corporation is Molson Coors Brewing Company (the "Corporation").

SECOND. The address of the Corporation's registered office in the State of Delaware is 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware, 19808. The name of its registered agent at such address is Corporation Service Company.

THIRD. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

FOURTH.

(a) The total number of shares of all classes of stock which the Corporation shall have authority to issue is 1,025,000,002, to be divided into five (5) classes, of which 500,000,000 shares, par value of $0.01 (voting), shall be designated as Class A Common Stock ("Class A Common Stock"); one (1) share, par value of $0.01 (voting), shall be designated as Special Class A Voting Stock ("Special Class A Voting Stock"); 500,000,000 shares, par value of $0.01 (non-voting), shall be designated as Class B Common Stock ("Class B Common Stock" and, together with the Class A Common Stock, "Common Stock"); one (1) share, par value of $0.01 (non-voting) shall be designated as Special Class B Voting Stock ("Special Class B Voting Stock"); and twenty-five million (25,000,000) shares, par value of $0.01, shall be designated as Preferred Stock ("Preferred Stock").

(b) The relative rights, privileges and limitations of the shares of each class of Common Stock are as follows:

(1) The Class A Common Stock and the Class B Common Stock shall be identical in all respects, share for share, except with respect to the right to vote and except as otherwise provided in this Restated Certificate of Incorporation. The Special Class A Voting Stock and the Special Class B Voting Stock shall be identical in all respects, share for share, except with respect to the right to vote and except as otherwise provided in this Restated Certificate of Incorporation. Except as otherwise specifically provided herein, the right to vote for all purposes shall be vested exclusively in the holders of Class A Common Stock and Special Class A Voting Stock (the "Class A Holders"), voting together as a single class as further described in subparagraph (3) below (except as otherwise provided herein or required by applicable law). The holders of Class A Common Stock shall be entitled to one (1) vote per share of Class A Common Stock on each matter for which holders of Class A Common Stock are entitled to vote.

(2) The holders of Class B Common Stock and Special Class B Voting Stock (the "Class B Holders"), voting together as a single class as further described in subparagraph (4) below, shall be entitled, voting as a class separately from the Class A Holders, to elect at each annual meeting of the Corporation's stockholders or by written consent three (3) members of the board of directors of the Corporation (the "Board of Directors") but, except where applicable provisions of the DGCL or this Restated Certificate of Incorporation require otherwise, shall otherwise have no right to vote either for the election of directors or for any other purpose. Without limiting the foregoing, except as set forth in paragraph (b) of Article Ninth, the Class B Holders shall have no right to vote on the removal of directors from the Board of Directors. The holders of Class B Common Stock shall be entitled to one (1) vote per share of Class B Common Stock on each matter on which holders of Class B Common Stock are entitled to vote. Each Class B Holder shall be entitled to receive notice of, and to receive all materials distributed to the stockholders with respect to, and to attend, all meetings of the stockholders of the Corporation (other than with respect to class meetings of holders of Preferred Stock).

(3) The holder of the Special Class A Voting Stock shall be entitled to vote on all matters submitted to a vote of the holders of Class A Common Stock (whether at an annual or special meeting or by written consent), voting together with the holders of Class A Common Stock as a single class (except as otherwise provided herein or required by applicable law), and the holder of the Special Class A Voting Stock shall be entitled to cast on any such matter a number of votes equal to the number of Class A non-voting exchangeable shares ("Exchangeable Class A Shares") of Molson Coors Canada Inc., a Canadian corporation ("Exchangeco"), and its successors-at-law, whether by merger, amalgamation or otherwise, outstanding as of the record date for such annual or special meeting or written consent of stockholders and not belonging to the Corporation or any other entity of which a majority of the shares (or similar interests) entitled to vote in the election of members of the board of directors (or similar governing body) of such other entity is held, directly or indirectly, by the Corporation (any such entity, a "subsidiary" of the Corporation). At such time as no Exchangeable Class A Shares (other than Exchangeable Class A Shares belonging to the Corporation or any subsidiary of the Corporation) shall be outstanding and there are no shares of stock, debt, options, rights, warrants, or other securities convertible, exchangeable or exercisable for, or other agreements which could give rise to the issuance of, any Exchangeable Class A Shares to any person (other than the Corporation or any subsidiary of the Corporation), the share of Special Class A Voting Stock shall be automatically redeemed for

$0.01, but only out of funds legally available therefor, and upon any such redemption of the Special Class A Voting Stock by the Corporation, the share of Special Class A Voting Stock shall be deemed retired and canceled and may not be reissued.

(4) The holder of the Special Class B Voting Stock shall be entitled to vote on all matters submitted to a vote of the holders of Class B Common Stock (whether at an annual or special meeting or by written consent), voting together with the holders of Class B Common Stock as a single class (except as otherwise provided herein or required by applicable law), and the holder of the Special Class B Voting Stock shall be entitled to cast on any such matter a number of votes equal to the number of Class B non-voting exchangeable shares ("Exchangeable Class B Shares") of Exchangeco and its successors-at-law, whether by merger, amalgamation or otherwise, outstanding as of the record date for such annual or special meeting or written consent of stockholders and not belonging to the Corporation or any subsidiary of the Corporation. At such time as no Exchangeable Class B Shares (other than Exchangeable Class B Shares belonging to the Corporation or any subsidiary of the Corporation) shall be outstanding and there are no shares of stock, debt, options, rights, warrants, or other securities convertible, exchangeable or exercisable for, or other agreements which could give rise to the issuance of, any Exchangeable Class B Shares to any person (other than the Corporation or any subsidiary of the Corporation), the share of Special Class B Voting Stock shall be automatically redeemed for $0.01, but only out of funds legally available therefor, and upon any such redemption of the Special Class B Voting Stock by the Corporation, the share of Special Class B Voting Stock shall be deemed retired and canceled and may not be reissued.

(5) The affirmative vote of Class A Holders representing at least a majority of the votes entitled to be cast by all Class A Holders, voting together as a single class, shall be necessary for effecting the following actions:

(i) the issuance of (A) any shares of Class A Common Stock (other than pursuant to (x) the conversion of shares of Class B Common Stock pursuant to Article Fifth or (y) the exchange or redemption of Exchangeable Class A Shares pursuant to the terms of such shares) or securities (other than Class B Common Stock) convertible into or exercisable for Class A Common Stock, (B) any shares of Class B Common Stock (other than pursuant to (x) the conversion of shares of Class A Common Stock pursuant to Article Fifth or Article Sixth or (y) the exchange or redemption of Exchangeable Class B Shares pursuant to the terms of such shares) or securities (other than Class A Common Stock) convertible into or exercisable for Class B Common Stock whether in a single transaction or in a series of related transactions, if the number of shares to be so issued (including upon conversion or exchange) is, or will be upon issuance, equal to or in excess of twenty percent (20%) of the number of shares of Class B Common Stock outstanding before the issuance of such Class B Common Stock (or securities convertible into or exercisable for shares of Class B Common Stock) or (C) any shares of Preferred Stock having any voting rights other than those expressly required by the DGCL;

(ii) the sale, transfer or other disposition (whether directly by the Corporation or indirectly through any of its subsidiaries) of any capital stock (or any securities convertible into or exchangeable for such capital stock) of either Molson Inc. or any of its successors (collectively, "Molson") or Coors Brewing Company or any of its successors (collectively, "CBC") or the issuance by Molson or CBC of any shares of its capital stock; provided, however, that the foregoing restrictions shall not apply to any such sale, transfer, disposition or issuance of capital stock of Molson or CBC, as the case may be, if, after giving effect thereto, the Corporation continues to own, either directly or together with its wholly-owned subsidiaries, 100% of the capital stock of Molson or CBC, as the case may be;

(iii) the sale, transfer or other disposition of all or substantially all of the assets of Molson or CBC (whether directly by Molson or CBC or indirectly through any of their respective subsidiaries, and whether in a single transaction or in a series of related transactions);

(iv) any decrease in the number of members of the Board of Directors to a number less than fifteen (15); and

(v) any action to permit or cause any of the actions set forth in clauses (i) through (iv) above.

(6) The Class A Holders and the Class B Holders shall have the right to vote, as separate classes and not jointly, on (i) any agreement of merger that requires stockholder approval under the DGCL or a statutory share exchange (but only to the extent that the DGCL is hereafter amended to provide for such a statutory share exchange), (ii) any sale, lease or exchange of all or substantially all of the property and assets of the Corporation (other than to or with any entity that is directly or indirectly wholly owned by the Corporation) or any sale, lease or exchange of all or substantially all of the property and assets of any entity (A) of which the Corporation is in possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting shares or interests, by contract or otherwise and (B) whose shares or other interests held by the Corporation constitute all or substantially all of the property and assets of the Corporation, (iii) any proposal to dissolve the Corporation or any proposal to revoke the dissolution of the Corporation or (iv) any amendment to this Restated Certificate of Incorporation that requires stockholder approval under this Restated Certificate of Incorporation or the DGCL and that would (A) increase or decrease the aggregate number of the authorized shares of Class B Common Stock; (B) change the designations, preferences, limitations, or relative rights of any shares of Class B Common Stock; (C) change the shares of all or part of Class B Common Stock into a different number of shares of the same class; (D) increase the rights, preferences or number of authorized shares of any other class that is equal or superior to Class B Common Stock with respect to distribution or dissolution rights (a "co-equal class"), (E) create any new co-equal class; (F) other than pursuant to Articles Fifth or Sixth, exchange or reclassify any shares of Class B Common Stock into shares of another class, or exchange, reclassify or create the right of exchange of any shares of another class into shares of Class B Common Stock; or (G) limit or deny existing preemptive rights of, or cancel or otherwise affect rights to distributions or dividends that have accumulated but have not yet been declared on, any shares of Class B Common Stock. The vote required to approve the foregoing actions is the affirmative vote of the holders of a majority in voting power of the Class A Holders entitled to vote thereon and the holders of a majority in voting power of the Class B Holders entitled to vote thereon, each voting as a separate class and not jointly. For

the avoidance of doubt, for purposes of clause (iv) above, the creation or issuance of any series of preferred stock pursuant to paragraph (c) of this Article Fourth shall not be deemed an amendment to this Restated Certificate of Incorporation that requires stockholder approval pursuant to this subparagraph (6).

(7) Subject to the rights of the holders of any series of Preferred Stock and subject to subparagraph (8) below, the holders of Class A Common Stock and the holders of Class B Common Stock shall be entitled to receive such dividends (whether payable in cash or otherwise) as shall be declared from time to time by the Board of Directors out of funds legally available therefor, except that so long as any shares of Class B Common Stock are outstanding, no dividends shall be declared or paid, in cash or otherwise, on any Class A Common Stock or Class B Common Stock unless at the same time there shall be declared or paid, as the case may be, a dividend on Class B Common Stock or Class A Common Stock, as applicable, in an amount per share (or, in the case of a dividend declared or paid in the form of shares of Common Stock, a number per share) equal to the amount (or number) per share of the dividend declared or paid on the Class A Common Stock or Class B Common Stock, as applicable.

(8) Subject to the rights of the holders of any series of Preferred Stock, the Board of Directors may declare and distribute dividends pro rata to the holders of Class A Common Stock and the holders of Class B Common Stock in the form of shares of Common Stock of the Corporation. Dividends payable in Common Stock to the holders of Class A Common Stock may be made in authorized and unissued shares of Class A Common Stock or in authorized and unissued shares of Class B Common Stock, as the Board of Directors determines. Dividends payable in Common Stock to the holders of Class B Common Stock may be made only in authorized and unissued shares of Class B Common Stock.

(9) The holder of the Special Class A Voting Stock and the holder of the Special Class B Voting Stock shall not be entitled to receive any dividends or other distributions or to receive or participate in any distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

(10) Notwithstanding subparagraphs (1) and (2) above, at any time when, and only for so long as, the Corporation has no shares of Class A Common Stock and no shares of Special Class A Voting Stock outstanding, the Class B Holders shall have, without further action by the Board of Directors or stockholders, the right to vote for the election of all of the Corporation's directors and for all other purposes, and all references in this Restated Certificate of Incorporation to required votes of the Class A Holders or to the right of Class A Holders to vote shall be deemed to refer to the Class B Holders. At such time as the Corporation reissues one or more shares of Class A Common Stock, the voting rights of the Class B Holders shall be as set forth in the foregoing subparagraphs and not in this subparagraph (10).

(11) The Class A Holders and the Class B Holders may act by written consent in accordance with the DGCL.

(12) The shares of Class B Common Stock shall be subject to conversion as set forth in Article Fifth and the shares of Class A Common Stock shall be subject to conversion as set forth in Article Sixth.

(c) Shares of Preferred Stock may be issued in one or more series from time to time by the Board of Directors, and the Board of Directors is expressly authorized to fix by resolution or resolutions for the issuance of shares of Preferred Stock in one or more series and, by filing a certificate pursuant to the DGCL (a "Preferred Stock Designation"), setting forth such resolution, to establish by resolution from time to time the number of shares to be included in each such series, and to fix by resolution the designations and the powers, preferences and rights, and the qualifications, limitations and restrictions thereof, of the shares of each series of Preferred Stock.

The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

(1) the distinctive serial designation of such series which shall distinguish it from other series;

(2) the number of shares included in such series;

(3) the dividend rate (or method of determining such rate) payable to the holders of the shares of such series, any conditions upon which such dividends shall be paid and the date or dates upon which such dividends shall be payable;

(4) whether dividends on the shares of such series shall be cumulative and, in the case of shares of any series having cumulative dividend rights, the date or dates or method of determining the date or dates from which dividends on the shares of such series shall be cumulative;

(5) the amount or amounts which shall be payable out of the assets of the Corporation to the holders of the shares of such series upon voluntary or involuntary liquidation, dissolution or winding up the Corporation, and the relative rights of priority, if any, of payment of the shares of such series;

(6) the price or prices at which, the period or periods within which and the terms and conditions upon which the shares of such series may be redeemed, in whole or in part, at the option of the Corporation or at the option of the holder or holders thereof or upon the happening of a specified event or events;

(7) the obligation, if any, of the Corporation to purchase or redeem shares of such series pursuant to a sinking fund or otherwise and the price or prices at which, the period or periods within which and the terms and conditions upon which the shares of such series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(8) whether or not the shares of such series shall be convertible or exchangeable, at any time or times at the option of the holder or holders thereof or at the option of the Corporation or

upon the happening of a specified event or events, into shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation, and the price or prices or rate or rates of exchange or conversion and any adjustments applicable thereto; and

(9) subject to subparagraph (b)(5)(i) of this Article Fourth, whether or not the holders of the shares of such series shall have voting rights, in addition to the voting rights required by law, and if so the terms of such voting rights.

The Board of Directors is expressly authorized to vary the provisions relating to the foregoing matters between the various series of Preferred Stock, but, unless otherwise specified in a Preferred Stock Designation, in all other respects the shares of each series shall be of equal rank with each other regardless of series. Notwithstanding the fixing of the number of shares constituting a particular series upon the issuance thereof, unless otherwise specified in the Preferred Stock Designation and subject to the rights of the holders of any series of Preferred Stock, the Board of Directors may at any time thereafter authorize the issuance of additional shares of the same series or may reduce (but not below the number of shares thereof then outstanding) the number of shares constituting such series.

(d) The number of authorized shares of any class of stock of the Corporation may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of the Class A Holders, irrespective of Section 242(b)(2) of the DGCL, without a separate class vote of the class to be increased or decreased; provided, however, that this provision shall not affect the requirement of any vote required pursuant to subparagraph (6) of paragraph (b) of this Article Fourth or any Preferred Stock Designation.

FIFTH.

(a) As used in this Article Fifth, the following terms have the following meanings:

(1) "affiliate" of a company means another company if one of them is a subsidiary of the other or if both are subsidiaries of the same company or if each of them is controlled by the same person or company;

(2) "associate", where used to indicate a relationship with any person or company means,

(i) any company of which such person or company beneficially owns, directly or indirectly, voting securities carrying more than ten percent (10%) of the voting rights attached to all voting securities of the company for the time being outstanding,

(ii) any partner of that person or company,

(iii) any trust or estate in which such person or company has a substantial beneficial interest or as to which such person or company serves as trustee or in a similar capacity,

(iv) any relative of that person who resides in the same home as that person,

(v) any person who resides in the same home as that person and to whom that person is married, or any person of the opposite sex or the same sex who resides in the same home as that person and with whom that person is living in a conjugal relationship outside marriage, or

(vi) any relative of a person mentioned in clause (v) who has the same home as that person;

(3) "controlled companies"—a company shall be deemed to be controlled by another person or company or by two or more companies, if:

(i) voting securities of the first-mentioned company carrying more than fifty percent (50%) of the votes for the election of the directors are held, otherwise than by way of security only, by or for the benefit of the other person or company or by or for the benefit of the other companies, and

(ii) the votes represented by such securities are entitled, if exercised, to elect a majority of the board of directors of the first-mentioned company;

(4) "Conversion Period" means the period of time commencing on the eighth (8^{th}) day after the Offer Date and terminating on the Expiration Date;

(5) "Converted Shares" means shares of Class A Common Stock resulting from the conversion of shares of Class B Common Stock into shares of Class A Common Stock pursuant to paragraph (b) of this Article Fifth;

(6) "Exchange Act" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated from time to time thereunder;

(7) "Exchangeable Converted Shares" means shares of Class A Common Stock resulting from the conversion of Exchangeable Class B Shares into Exchangeable Class A Shares pursuant to Article 15 of the Exchangeable Share Provisions and the subsequent exchange thereof into Class A Common Stock pursuant to Article 6 of the Exchangeable Share Provisions;

(8) "Exclusionary Offer" means an offer to purchase shares of Class A Common Stock that:

(i) (A) must, by reason of applicable securities laws (including Rule 14d-10 under the Exchange Act or any successor provisions) or the requirements of a stock exchange on which shares of Class A Common Stock are listed, be open to all or substantially all holders of shares of Class A Common Stock or (B) would, if such offer were made in Canada or a province of Canada, be required to be made to all or substantially all holders of shares of Class A Common Stock resident in Canada or a province of Canada by reason of applicable securities laws of Canada or a province of Canada, the requirements of a stock exchange on which shares of Class A Common Stock are listed or the requirements of the Canada Business Corporations Act; and

(ii) is not made concurrently with a Qualifying Class B Offer;

and for the purposes of this definition, the varying of any term of the offer for Class A Common Stock shall be deemed to constitute the making of a new offer unless an identical variation concurrently is made to the corresponding offer to purchase shares of Class B Common Stock;

(9) "Expiration Date" means the last date upon which holders of shares of Class A Common Stock may accept an Exclusionary Offer;

(10) "Offer Date" means the date on which an Exclusionary Offer is made;

(11) "Offeror" means a person or company that makes an offer to purchase shares of Class A Common Stock (the "bidder"), and includes any associate or affiliate of the bidder or any person or company that is disclosed or required to be disclosed in the offering document relating to such offer to be acting jointly or in concert with the bidder;

(12) "Qualifying Class B Offer" means an offer to purchase shares of Class B Common Stock that is identical to a concurrent offer to purchase shares of Class A Common Stock in terms of price per share and percentage of outstanding shares to be purchased (exclusive of shares owned immediately prior to the offer by the Offeror) and in all other respects (except with respect to the conditions that may be attached to the offer for shares of Class A Common Stock), and having no conditions thereto other than the right not to purchase and pay for shares of Class B Common Stock tendered if no shares of Class A Common Stock are purchased pursuant to the offer for shares of Class A Common Stock; and

(13) "Transfer Agent" means the Transfer Agent from time to time for the shares of Class A Common Stock.

(b) Subject to paragraph (e) of this Article Fifth, if an Exclusionary Offer is made, each outstanding share of Class B Common Stock shall be convertible into one (1) fully paid and non-assessable share of Class A Common Stock at the option of the holder thereof during the Conversion Period. The conversion right provided for in this paragraph (b) shall be exercised by notice in writing given to the Transfer Agent accompanied by the stock certificate or certificates representing the shares of Class B Common Stock which the holder desires to convert, and such notice shall be executed by the person registered on the books of the Corporation as the holder of the shares of Class B Common Stock, or by his or her attorney duly authorized in writing, and shall specify the number of shares of Class B Common Stock which the holder desires to have converted. The holder shall pay any governmental or other tax imposed on or in respect of such conversion. Upon receipt by the Transfer Agent of such notice and stock certificate or certificates, the Corporation shall issue or cause to be issued a stock certificate representing fully-paid shares of Class A Common Stock as prescribed above and in accordance with paragraph (d) of this Article Fifth. If less than all of the shares of Class B Common Stock represented by any stock certificate are to be converted, the holder shall be entitled to receive a new stock certificate representing in the aggregate the number of shares of Class B Common Stock represented by the original stock certificate that are not to be converted.

(c) An election by a holder of shares of Class B Common Stock to exercise the conversion right provided for in paragraph (b) of this Article Fifth shall not be valid unless accompanied by irrevocable elections by such holder (i) to tender the Converted Shares into the Exclusionary Offer (subject to such holder's right to subsequently withdraw the shares from the offer in accordance with the terms thereof and applicable law); (ii) to exercise the right contained in the terms and conditions of the Converted Shares to convert into shares of Class B Common Stock all Converted Shares in respect of which such holder exercises his or her right of withdrawal from the Exclusionary Offer or which are not otherwise ultimately purchased under the Exclusionary Offer; and (iii) to appoint the Transfer Agent as agent of such holder for the purpose of holding and tendering certificates representing such Converted Shares in accordance with paragraph (d) of this Article Fifth. Any such election shall provide that the conversion of Converted Shares into shares of Class B Common Stock pursuant to such election in respect of which the holder exercises his or her right of withdrawal from the Exclusionary Offer shall become effective at the time such right of withdrawal is exercised, and that if the right of withdrawal is not exercised, any conversion into shares of Class B Common Stock pursuant to such election shall become effective:

(1) in respect of an Exclusionary Offer which is completed, immediately following the time by which the Offeror is required under applicable securities laws to purchase and pay for all shares to be acquired by the Offeror under the Exclusionary Offer; and

(2) in respect of an Exclusionary Offer which is abandoned or withdrawn, at the time at which the Exclusionary Offer is abandoned or withdrawn.

(d) No stock certificates representing Converted Shares shall be delivered to or to the order of the holders of the shares before such shares are tendered into the Exclusionary Offer; the Transfer Agent, on behalf of the holders of the Converted Shares, shall tender pursuant to the Exclusionary Offer a certificate or certificates representing the Converted Shares. Upon completion of the Exclusionary Offer, the Transfer Agent shall deliver or cause to be delivered to the holders entitled thereto all consideration paid by the Offeror pursuant to the Exclusionary Offer in respect of the Converted Shares. If Converted Shares are converted into shares of Class B Common Stock in accordance with the election required by paragraph (c) of this Article Fifth, the Transfer Agent shall deliver to the holders entitled thereto a stock certificate or certificates representing the shares of Class B Common Stock resulting from the conversion. The Corporation shall make all arrangements with the Transfer Agent necessary or desirable to give effect to this paragraph (d).

(e) Subject to paragraph (f) of this Article Fifth, the conversion right provided for in paragraph (b) of this Article Fifth shall not come into effect if:

(1) prior to the Offer Date there is delivered to the Transfer Agent and to the Secretary of the Corporation a certificate or certificates signed by or on behalf of one or more stockholders of the Corporation or stockholders of Exchangeco owning, in the aggregate, as of the Offer Date, more than fifty percent (50%) of the then outstanding shares of Class A Common Stock and Exchangeable Class A Shares, in each case exclusive of shares owned immediately prior to the Offer Date by the Offeror, which certificate or certificates shall confirm, in the case of each such stockholder, that such stockholder shall not:

(i) tender any shares in acceptance of any Exclusionary Offer without giving the Transfer Agent and the Secretary of the Corporation written notice of such acceptance or intended acceptance at least seven (7) days prior to the Expiration Date;

(ii) make any Exclusionary Offer;

(iii) act jointly or in concert with any person or company that makes any Exclusionary Offer; or

(iv) transfer any shares of Class A Common Stock or Exchangeable Class A Shares, directly or indirectly, during the time at which any Exclusionary Offer is outstanding without giving the Transfer Agent and the Secretary of the Corporation written notice of such transfer or intended transfer at least seven (7) days prior to the Expiration Date, which notice shall state, if known to the transferor, the names of the transferees and the number of shares of Class A Common Stock and Exchangeable Class A Shares transferred or to be transferred to each transferee;

(2) as of the end of the seventh (7^{th}) day after the Offer Date there has been delivered to the Transfer Agent and to the Secretary of the Corporation a certificate or certificates signed by or on behalf of one or more stockholders of the Corporation or stockholders of Exchangeco owning, in the aggregate, more than fifty percent (50%) of the then outstanding shares of Class A Common Stock and Exchangeable Class A Shares, exclusive of shares owned immediately prior to the Offer Date by the Offeror, which certificate or certificates shall confirm, in the case of each such stockholder:

(i) the number of shares of Class A Common Stock and Exchangeable Class A Shares owned by the stockholder;

(ii) that such stockholder is not making the Exclusionary Offer and is not an associate or affiliate of, or acting jointly or in concert with, the person or company making the Exclusionary Offer;

(iii) that such stockholder shall not tender any shares in acceptance of the Exclusionary Offer, including any varied form of the Exclusionary Offer, without giving the Transfer Agent and the Secretary of the Corporation written notice of such acceptance or intended acceptance at least seven (7) days prior to the Expiration Date; or

(iv) that such stockholder shall not transfer any shares of Class A Common Stock or Exchangeable Class A Shares, directly or indirectly, prior to the Expiration Date without giving the Transfer Agent and the Secretary of the Corporation written notice of such transfer or intended transfer at last seven (7) days prior to the Expiration Date, which notice shall state, if known to the transferor, the names of the transferees and the number of shares of Class A Common Stock and Exchangeable Class A Shares transferred or to be transferred to each transferee;

(3) as of the end of the seventh (7^{th}) day after the Offer Date a combination of certificates that comply with either subparagraph (1) or (2) above from stockholders of the Corporation or stockholders of Exchangeco owning, in the aggregate, more than fifty percent (50%) of the then outstanding shares of Class A Common Stock and Exchangeable Class A Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, has been delivered to the Transfer Agent and to the Secretary of the Corporation.

(f) If a notice referred to in clause (e)(1)(i), (e)(1)(iv), (e)(2)(iii) or (e)(2)(iv) is given and the conversion right provided for in paragraph (b) of this Article Fifth has not come into effect, the Transfer Agent shall either forthwith upon receipt of the notice or forthwith after the seventh (7^{th}) day following the Offer Date, whichever is later, determine the number of shares of Class A Common Stock and Exchangeable Class A Shares in respect of which certificates have been delivered that comply with either subparagraph (e)(1) or (e)(2). For the purpose of this determination, (i) certificates in respect of which such a notice has been filed shall not be regarded as delivered insofar as the shares of Class A Common Stock or Exchangeable Class A Shares to which the notice relates are concerned; (ii) the transfer that is the subject of any notice referred to in clause (e)(1)(iv) or (e)(2)(iv) shall be deemed to have already taken place at the time of the determination; and (iii) the transferee in the case of any notice referred to in clause (e)(1)(iv) or (e)(2)(iv) shall be deemed to be a person or company from whom the Transfer Agent does not have a certificate unless the Transfer Agent is otherwise advised of the identity of the transferee, either by such notice or by the transferee in writing, and such transferee is a person or company from whom the Transfer Agent has received delivery of a certificate. If the number of shares of Class A Common Stock and Exchangeable Class A Shares so determined to be subject to certificates delivered pursuant to subparagraph (e)(1) or (e)(2) does not exceed fifty percent (50%) of the number of then outstanding shares of Class A Common Stock and Exchangeable Class A Shares, exclusive of shares owned immediately prior to the Offer Date by the Offeror, paragraph (e) of this Article Fifth shall cease to apply and the conversion right provided for in paragraph (b) of this Article Fifth shall be in effect for the remainder of the Conversion Period.

(g) As soon as reasonably possible after the seventh (7^{th}) day after the Offer Date, the Corporation shall send to each holder of shares of Class B Common Stock with a copy to the trustee under the Voting and Exchange Trust Agreement entered into with respect to the Exchangeable Class B Shares a notice advising such holders as to whether they are entitled to convert their shares of Class B Common Stock into shares of Class A Common Stock and the reasons therefor. If such notice discloses that they are not so entitled but it is subsequently determined that they are so entitled by virtue of paragraph (f) of this Article Fifth or otherwise, the Corporation shall forthwith send another notice to the holders of shares of Class B Common Stock advising them of that fact and the reasons therefor.

(h) If a notice referred to in paragraph (g) of this Article Fifth discloses that the conversion right provided for in paragraph (b) of this Article Fifth has come into effect, the notice shall:

(1) include a description of the procedure to be followed to effect the conversion and to have the Converted Shares tendered under the offer;

(2) include the information set forth in paragraph (c) of this Article Fifth; and

(3) be accompanied by a copy of the offer and all other material sent to holders of shares of Class A Common Stock in respect of the offer, and as soon as reasonably possible after any additional material, including a notice of variation, is sent to the holders of shares of Class A Common Stock in respect of the offer, the Corporation shall send a copy of such additional material to each holder of shares of Class B Common Stock.

(i) Prior to or forthwith after sending any notice referred to in paragraph (g) of this Article Fifth, the Corporation shall cause a press release to be issued to a U.S. and Canadian national newswire service, describing the contents of the notice.

(j) No stock certificates representing Exchangeable Converted Shares shall be delivered to or to the order of the holders of the shares before such shares are tendered into the Exclusionary Offer; the Transfer Agent, on behalf of the holders of the Exchangeable Converted Shares, shall tender pursuant to the Exclusionary Offer a certificate or certificates representing the Exchangeable Converted Shares. Upon completion of the Exclusionary Offer, the Transfer Agent shall deliver or cause to be delivered to the holders entitled thereto all consideration paid by the Offeror pursuant to the Exclusionary Offer in respect of the Exchangeable Converted Shares. If the Exchangeable Converted Shares are converted into shares of Class B Common Stock in accordance with the notice of irrevocable election pursuant to Section 16.3 of the Exchangeable Share Provisions (the "Exchangeable Election") delivered to the Transfer Agent, the Transfer Agent shall deliver to the holders entitled thereto a stock certificate or certificates representing the shares of Class B Common Stock resulting from the conversion. The Corporation shall make all arrangements with the Transfer Agent necessary or desirable to give effect to this paragraph (j). The Corporation shall be entitled to rely on the Exchangeable Election in converting Exchangeable Converted Shares into shares of Class B Common Stock. If the right of withdrawal from the Exclusionary Offer is not exercised by the holder of Exchangeable Converted Shares, any conversion into shares of Class B Common Stock pursuant to the Exchangeable Election shall become effective:

(1) in respect of an Exclusionary Offer which is completed, immediately following the time by which the Offer is required under applicable securities laws to purchase and pay for all shares to be acquired by the Offeror under the Exclusionary Offer; and

(2) in respect of an Exclusionary Offer which is abandoned or withdrawn, at the time at which the Exclusionary Offer is abandoned or withdrawn.

SIXTH.

(a) Subject to and in compliance with the provisions of this Article Sixth, each holder of shares of Class A Common Stock may, at any time and from time to time, at such holder's election, convert any or all outstanding shares of Class A Common Stock held by such holder into shares of Class B Common Stock (any such conversion, a "Conversion") pursuant to the provisions of this paragraph (a) of Article Sixth. In order to effect a Conversion, a holder of shares of Class A Common Stock must deliver to the Secretary of the Corporation (i) a written notice of such holder's election to convert (a "Notice of Conversion") shares of Class A Common Stock specifying the number of shares to be converted and (ii) the certificate or certificates representing such shares. Such Notice of Conversion, once delivered to the Secretary of the Corporation, shall be irrevocable. As promptly as practicable after receipt by the Secretary of the Corporation of such Notice of Conversion and such certificate or certificates, the Corporation shall issue and shall deliver to such holder a certificate or certificates for the number of shares of Class B Common Stock issuable upon such Conversion in accordance with the provisions of this Article Sixth. In the event of a Conversion of a certificate or certificates in part, the Corporation shall also issue to such holder a certificate or certificates for the number of shares of Class A Common Stock not being so converted. A Conversion shall be deemed to have been consummated immediately prior to the close of business on the date the Secretary of the Corporation receives the Notice of Conversion of the holder of Class A Common Shares electing to make such Conversion (the "Conversion Date"), or if the Conversion Date is not a business day, then the next business day, and as of such date such holder shall be deemed to be a holder of record of the number of shares of Class B Common Stock issuable upon such Conversion in accordance with this Article Sixth notwithstanding that the share register of the Corporation may then be closed or that a certificate or certificates representing such shares of Class B Common Stock shall not then actually be issued or delivered to such holder.

(b) Upon any Conversion the holder of shares of Class A Common Stock being converted shall receive a number of shares of Class B Common Stock equal to the number of shares of Class A Common Stock being converted.

(c) Notwithstanding anything herein to the contrary, prior to the delivery of any shares of Class B Common Stock that the Corporation is obligated to deliver pursuant to any Conversion, the Corporation shall comply with all applicable federal and state laws and regulations which require action to be taken by the Corporation in connection with such Conversion.

(d) The Corporation shall pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Class B Common Stock upon any Conversion, other than any tax payable in respect of any transfer involved in the issue or delivery of Class B Common Stock in a name other than that of the holder of the shares of Class A Common Stock converted pursuant to such Conversion immediately prior to such Conversion. The Corporation shall have the right not to issue or deliver any shares of Class B Common Stock in a name other than that of the holder of the shares of Class A Common Stock converted pursuant to a Conversion immediately prior to such Conversion unless and until the person requesting such issuance or delivery has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

SEVENTH. The Board of Directors is authorized to adopt, amend or repeal the bylaws of the Corporation (the "Bylaws"); provided, that the power of the Board of Directors to adopt, amend or repeal the Bylaws may be limited by a provision of the Bylaws in effect as of the date of this

Restated Certificate, or by an amendment to the Bylaws adopted by the Class A Holders, which in either case provides that a particular bylaw or bylaws may only be adopted, amended or repealed by the Class A Holders.

EIGHTH. Elections of directors need not be by written ballot except and to the extent provided in the Bylaws.

NINTH.

(a) Subject to subparagraph (b)(5)(iv) of Article Fourth, the number of directors of the Corporation shall be determined exclusively by resolution of the Board of Directors adopted in accordance with the requirements of the Bylaws.

(b) Any director or the entire Board of Directors may be removed with cause by a vote of the holders of a majority of the total votes entitled to be cast by the holders of the Class A Common Stock, Class B Common Stock, Special Class A Voting Stock, Special Class B Voting Stock and any then outstanding series of Preferred Stock entitled to vote on the election of directors, voting together as a single class. Any director may be removed without cause by a vote of the holders of a majority of the total votes entitled to be cast by the holders of the class or classes of stock the holders of which elected such director.

TENTH.

(a) As used in this Article Tenth, the following terms have the following meanings:

(1) "Class A Coors Voting Trust Agreement" has the meaning set forth in the Combination Agreement.

(2) "Combination Agreement" means the Combination Agreement, dated as of July 21, 2004, as amended, by and among the Corporation, Exchangeco and Molson Inc., a copy of which will be made available to any stockholder who requests such, without charge.

(3) "Coors Beneficiary Representative" has the meaning set forth in the Class A Coors Voting Trust Agreement.

(4) "Coors Family Group Beneficiaries" has the meaning set forth in the Class A Coors Voting Trust Agreement.

(5) "Continuing Representative" has the meaning set forth in the Class A Coors Voting Trust Agreement.

(6) "Effective Time" has the meaning set forth in the Combination Agreement.

(7) "Independent Director" means any director who is independent of the management of the Corporation and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act

with a view to the best interests of the Corporation, other than interests or relationships arising from ownership of shares of stock.

(8) "Molson Beneficiary Representative" has the meaning set forth in the Class A Coors Voting Trust Agreement.

(9) "Molson Family Group Beneficiaries" has the meaning set forth in the Class A Coors Voting Trust Agreement.

(b) Other than as set forth in paragraph (i) below, and in accordance with Section 141(a) of the DGCL, the full and exclusive power and authority otherwise conferred upon the Board of Directors to evaluate director candidates and nominate persons to stand for election to the Board of Directors or to fill vacancies on the Board of Directors or newly created directorships shall be exercised and performed by (1) the persons comprising the nominating committee and subcommittees referred to in this paragraph (b), (2) the Coors Beneficiary Representative and (3) the Molson Beneficiary Representative, in each case in accordance with the provisions of this Article Tenth. The Corporation shall have a nominating committee (the "Nominating Committee"), and such committee shall have two (2) subcommittees designated as the "Class A-C Nominating Subcommittee" and the "Class A-M Nominating Subcommittee", respectively, and referred to collectively as "subcommittees". The Nominating Committee and its subcommittees shall be constituted, and shall have power and authority, as set forth below.

(c) The Nominating Committee shall consist of five (5) directors of the Corporation, two (2) of which directors shall also constitute the Class A-C Nominating Subcommittee, two (2) of which directors shall also constitute the Class A-M Nominating Subcommittee and the remaining member of which shall be an Independent Director. As of the Effective Time, the members of the Nominating Committee and each of its subcommittees shall be the persons specified in Exhibit I of the Combination Agreement. Persons designated as members of the Nominating Committee and each of its subcommittees shall serve until their removal, resignation or retirement from the Board of Directors or death. Any vacancies on the Class A-C Nominating Subcommittee or the Class A-M Nominating Subcommittee shall be filled by the remaining member of such subcommittee; provided, that if there is no such remaining member at that time, all such vacancies shall be filled, in the case of the Class A-C Nominating Subcommittee, by the Coors Beneficiary Representative (so long as the Coors Beneficiary Representative qualifies as a Continuing Representative) and, in the case of the Class A-M Nominating Subcommittee, by the Molson Beneficiary Representative (so long as the Molson Beneficiary Representative qualifies as a Continuing Representative). Vacancies in the remaining seat on the Nominating Committee shall be filled by the affirmative vote of at least three (3) members of the Nominating Committee.

(d) In accordance with Section 141(a) of the DGCL, the Class A-C Nominating Subcommittee shall have the exclusive power and authority otherwise conferred upon the Board of Directors to (i) nominate five (5) persons to stand for election by the Class A Holders at each annual meeting of stockholders (which persons, together with any persons designated as such in Exhibit I to the Combination Agreement and any persons referred to in clause (ii) or (iii) below, shall be referred herein to as "Coors Directors"), (ii) fill any vacancy created by the removal, resignation or retirement from the Board of Directors or the death of any Coors Director; provided, that if there is no remaining member of the Class A-C Nominating Subcommittee at that time, all such vacancies shall be filled by the Coors Beneficiary Representative (so long as the Coors Beneficiary Representative qualifies as a Continuing Representative), and (iii) upon any increase in the number of directors to be elected by the Class A Holders, appoint any number of such additional directors designated as Coors Directors by resolution of the Board of Directors adopted in accordance with the requirements of the Bylaws in connection with such increase. The Class A-C Nominating Subcommittee shall exercise its authority hereunder in a manner such that at all times at least a majority of the Coors Directors shall be Independent Directors.

(e) In accordance with Section 141(a) of the DGCL, the Class A-M Nominating Subcommittee shall have the exclusive power and authority otherwise conferred upon the Board of Directors to (i) nominate five (5) persons to stand for election by the Class A Holders at each annual meeting of stockholders (which persons, together with any persons designated as such in Exhibit I to the Combination Agreement and any persons referred to in clause (ii) or (iii) below, shall be referred herein to as "Molson Directors"), (ii) fill any vacancy created by the removal, resignation or retirement from the Board of Directors or the death of any Molson Director; provided, that if there is no remaining member of the Class A-M Nominating Subcommittee at that time, all such vacancies shall be filled by the Molson Beneficiary Representative (so long as the Molson Beneficiary Representative qualifies as a Continuing Representative), and (iii) upon any increase in the number of directors to be elected by the Class A Holders, appoint any number of such additional directors designated as Molson Directors by resolution of the Board of Directors adopted in accordance with the requirements of the Bylaws in connection with such increase. The Class A-M Nominating Subcommittee shall exercise its authority hereunder in a manner such that at all times at least a majority of the Molson Directors shall be Independent Directors.

(f) In accordance with Section 141(a) of the DGCL, the Nominating Committee shall have the exclusive power and authority otherwise conferred upon the Board of Directors to (i)(A) nominate two (2) persons to stand for election by the Class A Holders at each annual meeting of stockholders (which persons, together with any persons referred to in clause (i)(B) or (i)(C) below, shall be referred to herein as "Nominating Committee Directors"), one of whom, subject to the fiduciary duties of the Nominating Committee, shall be the person who is then the Chief Executive Officer of the Corporation and one of whom, subject to the fiduciary duties of the Nominating Committee, shall initially be the person designated pursuant to Section 6.12(a) of the Combination Agreement and, after such person ceases to serve in the same position with the Corporation, a member of management approved by a vote of the Required Number (as defined in the Bylaws) of Directors, (B) fill any vacancy created by the removal, resignation or retirement from the Board of Directors or the death of any director nominated by the Nominating Committee pursuant to this paragraph (f) with a person meeting the requirements set forth in clause (i)(A) or (i)(C) of this paragraph (f), as applicable, (C) upon any increase in the number of directors to be elected by the Class A Holders, appoint any number of such additional directors designated as Nominating Committee Directors by resolution of the Board of Directors adopted in accordance with the requirements of the Bylaws in connection with such increase; provided that each such additional director so appointed shall be an Independent Director; and (ii) at any time prior to the first meeting of the Board of Directors following the Effective Time (A) establish, and set the powers and authority of, committees of the Board of Directors, (B) assign directors to such committees of the Board of Directors and (C) remove members of such committees of the Board of Directors prior to the expiration of their terms; *provided* that the powers, authority and composition of any such committee of the Board of Directors will be in compliance with applicable law and the requirements of any national securities exchange or quotation system on which the Corporation's equity securities are listed or traded.

(g) Notwithstanding the foregoing provisions of this Article Tenth:

(1) In the event that the Coors Family Group Beneficiaries are no longer entitled to appoint a Coors Beneficiary Representative who would be a Continuing Representative, (i) the Class A-C Nominating Subcommittee shall be disbanded, (ii) the Nominating Committee seats formerly held by the members of such subcommittee shall thereupon be filled by Independent Directors appointed by the Board of Directors in accordance with Section 2.7 of the Bylaws and (iii) the nominating power and authority formerly vested in the Class A-C Nominating Subcommittee shall thereafter be vested in the full Nominating Committee; and

(2) In the event that the Molson Family Group Beneficiaries are no longer entitled to appoint a Molson Beneficiary Representative who would be a Continuing Representative, (i) the Class A-M Nominating Subcommittee shall be disbanded, (ii) the Nominating Committee seats formerly held by the members of such subcommittee shall thereupon be filled by Independent Directors appointed by the Board of Directors in accordance with Section 2.7 of the Bylaws and (iii) the nominating power and authority formerly vested in the Class A-M Nominating Subcommittee shall thereafter be vested in the full Nominating Committee.

(h) The Nominating Committee, the Class A-C Nominating Subcommittee and the Class A-M Nominating Subcommittee shall operate in accordance with the procedures established in Section 3.2 of the Bylaws.

(i) Subject to the rights of the stockholders of the Corporation to make nominations in compliance with the procedures set forth in the Bylaws, the Board of Directors, by resolution adopted in accordance with the requirements of the Bylaws, shall have the exclusive power and authority to (i) nominate three (3) persons to stand for election by the Class B Holders at each annual meeting of stockholders (which persons, together with any persons referred to in clause (ii) below, shall be referred herein to as "Class B Directors") (and to evaluate candidates for such nominations) and (ii) fill any vacancy, or newly created directorship, in the Class B Directors. The Board of Directors shall exercise its authority hereunder in a manner such that at all times all of the Class B Directors shall be Independent Directors. As of the Effective Time, the persons specified as such in Exhibit I of the Combination Agreement shall be Class B Directors.

ELEVENTH. A director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent that such exemption from liability or limitation thereof is not permitted under the DGCL as currently in effect or as the same may hereafter be amended. If the DGCL is hereafter amended to eliminate or limit further the liability of a director, then, in addition to the elimination and limitation of liability provided by the preceding sentence, the liability of each director shall be eliminated or limited to the fullest extent permitted by the DGCL as so amended. Any amendment, modification or repeal of this Article Eleventh shall be prospective only and shall not adversely affect any right or protection of a director of the Corporation that exists at the time of such amendment, modification or repeal. All references to a "director" in this Article Eleventh and in Article Twelfth shall include a director serving as a member of any of the Nominating Committee, the Class A-C Nominating Subcommittee and the Class A-M Nominating Subcommittee, and the Coors Beneficiary Representative and the Molson Beneficiary Representative.

TWELFTH. The Corporation shall indemnify and hold harmless, and advance expenses, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans maintained or sponsored by the Corporation (a "Covered Person") (including the heirs, executors, administrators and estate of such Covered Person), against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Covered Person. Notwithstanding the preceding sentence, except as otherwise provided in the Bylaws (as the same may provide from time to time), the Corporation shall be required to indemnify a Covered Person in connection with a proceeding (or a part thereof) commenced by such Covered Person only if the commencement of such proceeding (or part thereof) by the Covered Person was authorized by the Bylaws, in any written agreement with the Corporation, or in the specific case by the Board of Directors; provided, however, that if successful in whole or in part in any suit for the advancement of expenses or indemnification hereunder, the Covered Person shall be entitled to payment of the expense of litigating such suit. Nothing contained in this Article Twelfth shall affect any rights to indemnification or advancement of expenses to which directors, officers, employees or agents of the Corporation otherwise may be entitled under the Bylaws, any written agreement with the Corporation or otherwise. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article Twelfth with respect to the indemnification and advancement of expenses of directors and officers of the Corporation. Without limiting the generality or the effect of the foregoing, the Corporation may enter into one or more agreements with any person that provide for indemnification greater or different than that provided in this Article Twelfth. No amendment or repeal of this Article Twelfth shall adversely affect any right or protection existing hereunder or pursuant hereto immediately prior to such amendment or repeal.

THIRTEENTH. The Corporation expressly elects not to be governed by Section 203 of the DGCL.

IN WITNESS WHEREOF, the undersigned has caused this Restated Certificate of Incorporation to be signed by Robert M. Reese, Senior Vice President, Corporate Affairs and Chief Legal Officer of the Corporation on February 8, 2005.

Adolph Coors Company

By: /s/ Robert M. Reese
Name: Robert M. Reese
Title: Senior Vice President, Corporate Affairs and Chief Legal Officer

AMENDMENT TO
RESTATED CERTIFICATE OF INCORPORATION
OF
MOLSON COORS BREWING COMPANY

Molson Coors Brewing Company, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), certifies that:

A. The present name of the Corporation is "Molson Coors Brewing Company", and the name under which the Corporation was originally incorporated was "Adolph Coors Company". The Certificate of Incorporation was originally filed with the Secretary of State of the State of Delaware on August 14, 2003 and was restated by the Restated Certificate of Incorporation filed with the Secretary of State of the State of Delaware on February 8, 2005.

B. This Amendment to Restated Certificate of Incorporation has been duly adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware.

C. Article FOURTH(b) of the Restated Certificate of Incorporation of the Corporation is hereby amended by adding the following subsection (13) immediately following the end of the current text:

"(13) Beginning with the first annual meeting of stockholders held after January 1, 2014, if the Corporation is required by Rule 14a-21(a) or any successor rule promulgated under the United States Securities Exchange Act of 1934, as amended, to provide for an advisory vote of its stockholders on a resolution to approve the compensation of the Corporation's named executive officers (as defined in Item 402(a)(3) of Regulation S-K or any successor item or regulation promulgated under the United States Securities Act of 1933, as amended), then at any such annual meeting of stockholders the Class A Holders and the Class B Holders shall have the right to vote, together as a single class, on an advisory basis on any such resolution. No other separate class vote of the Class A Holders, the Class B Holders or any other class or series of the Corporation's capital stock shall be required with respect to any such resolution. The affirmative vote of a majority of the votes cast by the Class A Holders and the Class B Holders, voting together as a single class, shall be required to approve any such resolution. As the vote on any such resolution shall be advisory, the outcome of such vote will not be binding on the Corporation or the Board of Directors."

C. This Amendment to Restated Certificate of Incorporation shall be effective upon filing.

IN WITNESS WHEREOF, the Corporation has caused this Amendment to Restated Certificate of Incorporation to be signed by E. Lee Reichert, the duly authorized Deputy General Counsel and Assistant Secretary of the Corporation, on June 4, 2013.

By: /s/ E. Lee Reichert
Name: E. Lee Reichert

Title: Deputy General Counsel and Assistant Secretary

SECOND AMENDMENT TO
RESTATED CERTIFICATE OF INCORPORATION
OF
MOLSON COORS BREWING COMPANY

Molson Coors Brewing Company, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), certifies that:

A. The present name of the Corporation is "Molson Coors Brewing Company", and the name under which the Corporation was originally incorporated was "Adolph Coors Company". The Certificate of Incorporation was originally filed with the Secretary of State of the State of Delaware on August 14, 2003, was restated by the Restated Certificate of Incorporation filed with the Secretary of State of the State of Delaware on February 8, 2005 and was amended by the Amendment to Restated Certificate of Incorporation on June 4, 2013.

B. This Second Amendment to Restated Certificate of Incorporation has been duly adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware.

C. Article FIRST of the Restated Certificate of Incorporation of the Corporation, as amended, is hereby amended by deleting it in its entirety and inserting the following in lieu thereof:

"FIRST. The name of the corporation is Molson Coors Beverage Company (the "Corporation")."

D. This Second Amendment to Restated Certificate of Incorporation shall be effective January 1, 2020 @ 12:01am EST.

IN WITNESS WHEREOF, the Corporation has caused this Second Amendment to Restated Certificate of Incorporation to be signed by E. Lee Reichert, the duly authorized Chief Legal and Government Affairs Officer and Secretary of the Corporation, on December 23, 2019.

By: /s/ E. Lee Reichert
Name: E. Lee Reichert
Title: Chief Legal and Government Affairs Officer and Secretary

Exhibit 4.18

DESCRIPTION OF SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

Molson Coors Beverage Company ("Molson Coors," the "Company," "we," "our," or "us") has three classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our Class A Common Stock, par value $0.01 per share (the "Class A Common Stock"); our Class B Common Stock, par value $0.01 per share (the "Class B Common Stock"); and our 1.25% Senior Notes due 2024 (the "notes").

DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock is intended as a summary only. This description is based upon, and is qualified by reference to, our Restated Certificate of Incorporation, as amended, which we refer to as our certificate of incorporation, our Fourth Amended and Restated Bylaws, which we refer to as our bylaws and applicable provisions of Delaware corporate law. This summary is not complete. You should read our certificate of incorporation and bylaws, each of which is filed as an exhibit to this Annual Report on Form 10-K, and incorporated by reference herein, for the provisions that are important to you.

Authorized and Outstanding Capital Stock

Our authorized capital stock consists of 1,025,000,002 shares, comprising five classes: (i) 500,000,000 shares of Class A Common Stock; (ii) 500,000,000 shares of Class B Common Stock; (iii) one share of Special Class A Voting Stock, par value $0.01 per share (the "Special Class A Voting Stock"); (iv) one share of Special Class B Voting Stock, par value $0.01 per share (the "Special Class A Voting Stock"), and (v) 25,000,000 shares of Preferred Stock, par value $0.01 per share (the "Preferred Stock").

As of February 5, 2020, the following number of shares of our capital stock were outstanding: 2,560,668 shares of Class A Common Stock, 196,269,611 shares of Class B Common Stock, one share of Special Class A Voting Stock, one share of Special Class B Voting Stock, and no shares of Preferred Stock.

Class A Common Stock and Class B Common Stock

Dividends. Subject to the rights of the holders of any series of Preferred Stock, the holders of Class A Common Stock and the holders of Class B Common Stock are entitled to receive, from legally available funds, dividends when and as declared by our Board of Directors, except that so long as any shares of Class B Common Stock are outstanding, no dividend will be declared or paid on the Class A Common Stock or Class B Common Stock unless at the same time a dividend is declared or paid, on the Class B Common Stock or Class A Common Stock, as applicable, in an amount per share (or number per share, in the case of a dividend paid in the form of shares) equal to the amount per share (or number per share, in the case of a dividend paid in the form of shares) of the dividend declared or paid on the Class A Common Stock or Class B Common Stock, as applicable.

Voting Rights

Class A Holders. Except in limited circumstances, so long as any shares of Class A Common Stock or Special Class A Voting Stock are outstanding, the right to vote for all purposes is vested exclusively in the holders of Class A Common Stock and Special Class A Voting Stock (as instructed by the holders of the Class A Exchangeable Shares) (collectively, the "Class A Holders") (see "—Exchangeable Shares" and "—Special Voting Stock" below), voting together as a single class. The holders of Class A Common Stock are entitled to one vote for each share of Class A Common Stock held, without the right to cumulate votes for the election of directors.

An affirmative vote is required of a majority of the votes entitled to be cast by the holders of the Class A Common Stock and Special Class A Voting Stock, voting together as a single class, prior to the taking of certain actions, including:

- the issuance of (i) any shares of Class A Common Stock (other than upon the conversion of Class B Common Stock under circumstances provided in our certificate of incorporation or the exchange or redemption of Class A Exchangeable Shares in accordance with the terms of those Class A Exchangeable Shares), or (ii) securities (other than Class B Common Stock) convertible into or exercisable for Class A Common Stock;

- the issuance of (i) shares of Class B Common Stock (other than upon the conversion of Class A Common Stock under circumstances provided in our certificate of incorporation or the exchange or redemption of our Class B Exchangeable Shares in accordance with the terms of those Class B Exchangeable Shares), or (ii) securities convertible into or exercisable for Class B Common Stock (other than Class A Common Stock) whether in a single transaction or in a series of related transactions, if the number of shares to be issued (including upon conversion or exchange) is, or will be upon issuance, equal to or greater than 20% of the number of shares of Class B Common Stock outstanding before the issuance of such Class B Common Stock (or securities convertible into or exercisable for shares of Class B Common Stock);
- the issuance of any shares of Preferred Stock having voting rights other than those expressly required by the Delaware General Corporation Law (“DGCL”);
- the sale, transfer or other disposition of any capital stock (or securities convertible into or exchangeable for capital stock) of our subsidiaries;
- the sale, transfer or other disposition of all or substantially all of the assets of our subsidiaries; and
- any decrease in the number of members of our Board of Directors to a number below 15.

Pentland Securities (1981) Inc. and the Adolph Coors, Jr. Trust, which together control more than 90% of the 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 Class A Common Stock and the Class A Exchangeable Shares that they own. However, 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.

Class B Holders. The holders of the Class B Common Stock and the Special Class B Voting Stock (as instructed by the holders of the Class B Exchangeable Shares) (collectively, the “Class B Holders”) may vote with respect to the following: (i) any matter required by the DGCL, (ii) the election of up to three directors, and (iii) as provided in our certificate of incorporation, including on a non-binding advisory basis on the compensation of our named executive officers and as set forth below under “Class A Holders and Class B Holders.” In all other cases, the right to vote is vested exclusively with the Class A Holders. The holders of Class B Common Stock are entitled to one vote for each share of Class B Common Stock held with respect to each matter on which holders of the Class B Common Stock are entitled to vote, without the right to cumulate votes for the election of directors.

Class A Holders and Class B Holders. Under our certificate of incorporation, the Class A Holders and the Class B Holders have the right to vote, as separate classes and not jointly, on:

- any merger that requires stockholder approval under the DGCL;
- any sale of all or substantially all of our assets, other than to a related party;
- any proposal to dissolve our company or any proposal to revoke the dissolution of our company; or
- any amendment to the certificate of incorporation that requires stockholder approval under the certificate of incorporation or the DGCL and that would:
  - increase or decrease the aggregate number of the authorized shares of Class B Common Stock;
  - change the rights of any shares of Class B Common Stock;
  - change the shares of all or part of Class B Common Stock into a different number of shares of the same class;
  - increase the rights of any other class that is equal or superior to Class B Common Stock with respect to distribution or dissolution rights (a “co-equal class”);
  - create any new co-equal class;

- other than pursuant to the certificate of incorporation, exchange or reclassify any shares of Class B Common Stock into shares of another class, or exchange, reclassify or create the right of exchange of any shares of another class into shares of Class B Common Stock; or
- limit or deny existing preemptive rights of, or cancel or otherwise affect rights to distributions or dividends that have accumulated but have not yet been declared on, any shares of Class B Common Stock.

Liquidation Rights. If we liquidate, dissolve or wind up our affairs, the holders of Class A Common Stock, together with the holders of the Class B Common Stock (collectively, with the Class A Common Stock, the "Company Common Stock"), will be entitled to receive, after our creditors have been paid and the holders of any then outstanding series of preferred stock have received their liquidation preferences, all of our remaining assets in proportion to their shareholdings.

Conversion Rights

Conversion from Class A Common Stock to Class B Common Stock. Our certificate of incorporation provides for the right of holders of Class A Common Stock to convert their stock into Class B Common Stock on a one-for-one basis at any time.

"Coattail" Conversion Rights. Our certificate of incorporation also includes a "coattail" provision to provide protection to holders of our Class B Common Stock and the Class B Exchangeable Shares in the case of a proposed tender offer or takeover bid for our Class A Common Stock. A holder of our Class B Common Stock is entitled to receive a notice from us that the conversion right of holders of shares of our Class B Common Stock has come into effect. This notice must include a description of the conversion procedures including the election procedures described below, a copy of the exclusionary offer and any other materials received by us in respect of the offer.

Subject to conditions described below, if an "exclusionary offer" is made for shares of our Class A Common Stock, each outstanding share of our Class B Common Stock will be convertible into one share of our Class A Common Stock at the option of the holder during the period of time commencing on the eighth day after the date on which an exclusionary offer is made and ending on the last date upon which holders of shares of our Class A Common Stock may accept the exclusionary offer.

An "exclusionary offer" is an offer to purchase shares of our Class A Common Stock that both: (A) either (1) must, by reason of applicable securities laws or the requirements of a stock exchange on which shares of our Class A Common Stock are listed, be open to all or substantially all holders of our Class A Common Stock, or (2) would, if the offer were made in Canada or a province of Canada, be required to be made to all or substantially all holders of shares of our Class A Common Stock resident in Canada or a province of Canada by reason of applicable securities laws of Canada or a province of Canada, the requirements of a stock exchange on which shares of our Class A Common Stock are listed, or the requirements of the Canada Business Corporations Act; and (B) is not made concurrently with an offer to purchase shares of our Class B Common Stock that is identical to the offer to purchase shares of our Class A Common Stock in terms of price per share and percentage of outstanding shares to be purchased (exclusive of shares owned immediately prior to the offer by the offeror) and in all other respects (except with respect to the conditions that may be attached to the offer to purchase shares of our Class A Common Stock), and having no conditions other than the right not to purchase and pay for shares of our Class B Common Stock tendered if no shares of our Class A Common Stock are purchased in the offer for shares of our Class A Common Stock.

The Class B conversion right will not come into effect if one or more holders owning, in the aggregate, as of the offer date, over 50% of the outstanding shares of our Class A Common Stock and Class A Exchangeable Shares, in each case excluding shares owned by the offeror, provide us with adequate assurances that they are not making or acting with another to make the exclusionary offer and will not participate in the exclusionary offer.

Any of the holders of our Class B Common Stock can exercise this right by providing a signed written notice to the transfer agent and complying with certain other specified conditions. The holders of our Class B Common Stock must pay any governmental or other tax imposed on or in respect of the conversion into shares of our Class A Common Stock.

Other. Holders of Company Common Stock do not have pre-emptive rights to acquire any of our securities. The outstanding shares of Company Common Stock are fully paid and non-assessable. There are no redemption or sinking fund provisions applicable to the Company Common Stock.

Exchangeable Shares

The Class A Exchangeable Shares and Class B Exchangeable Shares (collectively, "Exchangeable Shares") were issued by Molson Coors Canada Inc. ("MCCI"), a wholly-owned, indirect subsidiary of Molson Coors. The Exchangeable Shares are substantially the economic equivalent of the corresponding shares of Company Common Stock in which they may be exchanged. As of February 5, 2020, there were outstanding 2,725,130 Class A Exchangeable Shares and 14,826,035 Class B Exchangeable Shares.

Dividends. Holders of Exchangeable Shares are entitled to receive, subject to applicable law, dividends as follows:

- in the case of a cash dividend declared on a corresponding share of Company Common Stock, an amount in cash for each exchangeable share corresponding to the cash dividend declared on each corresponding share of Company Common Stock in U.S. dollars or in an equivalent amount in Canadian dollars;
- in the case of a stock dividend declared on a corresponding share of Company Common Stock to be paid in shares of Company Common Stock, in the number of Exchangeable Shares of the relevant class for each Exchangeable Share that is equal to the number of shares of corresponding Company Common Stock to be paid on each corresponding share of Company Common Stock; or
- in the case of a dividend declared on a corresponding share of Company Common Stock in any other type of property, in the type and amount of property as is economically equivalent as determined by MCCI's board of directors to the type and amount of property to be paid on each corresponding share of Company Common Stock.

The declaration dates, record dates and payment dates for dividends on the Exchangeable Shares are the same as the relevant dates for the dividends on the shares of corresponding Company Common Stock.

Voting Rights. Holders of Exchangeable Shares receive, through a voting trust, the benefit of voting rights, entitling the holder to one vote on the same basis and in the same circumstances as one corresponding share of Company Common Stock. See "—Special Voting Stock—Voting Rights" below.

Other. The Exchangeable Shares are exchangeable at any time, at the option of the holder on a one-for-one basis for corresponding shares of Company Common Stock. Holders of Class A Exchangeable Shares are entitled to convert their stock into Class B Exchangeable Shares on a one-for-one basis at any time.

Special Voting Stock

We have outstanding one share of Special Class A Voting Stock and one share of Special Class B Voting Stock, through which the holders of Class A Exchangeable Shares and Class B Exchangeable Shares, respectively, may exercise their voting rights with respect to our Company Common Stock in which the corresponding Exchangeable Shares may be exchanged.

Dividends and Liquidation Rights. The trustee who holds the Special Class A Voting Stock and the trustee who holds the Special Class B Voting Stock are not entitled to receive any dividends or other distributions or to receive or participate in any distribution of assets upon our voluntary or involuntary liquidation, dissolution or winding up.

Voting Rights. The Special Class A Voting Stock and the Special Class B Voting Stock provide the mechanism for holders of the corresponding Exchangeable Shares to provide instructions to vote with the holders of our corresponding Company Common Stock. The Special Class A Voting Stock and Special Class B Voting Stock are subject to voting trust arrangements. The trustee who holds the Special Class A Voting Stock and the trustee who holds the Special Class B Voting Stock are each entitled to one vote for each corresponding outstanding Exchangeable Share, excluding shares held by Molson Coors or its subsidiaries, and generally vote together with the corresponding Company Common Stock on all matters on which the holders of the corresponding Company Common Stock are entitled to vote.

The trustee who holds the Special Class A Voting Stock and the trustee which holds the Special Class B Voting Stock are required to cast a number of votes equal to the number of then-outstanding corresponding Exchangeable Shares, but will only cast a number of votes equal to the number of corresponding Exchangeable Shares as to which it has received voting instructions from the owners of record of those Exchangeable Shares, other than Molson Coors or its subsidiaries, on the record date of the action, and will cast the votes in accordance with such instructions so received.

Other. The trustee who holds the Special Class A Voting Stock and the trustee who holds the Special Class B Voting Stock do not have pre-emptive rights to acquire any of our securities. The outstanding shares of Special Class A Voting Stock and Special Class B Voting Stock are fully paid and non-assessable.

Preferred Stock

Our certificate of incorporation authorizes our Board of Directors to issue up to 25,000,000 shares of Preferred Stock from time to time in one or more series, generally without any vote or action by the holders of our Company Common Stock, except that the issuance of any shares of Preferred Stock having any voting rights other than those expressly required by the DGCL will be subject to approval by a majority of the voting power of the holders of our Class A Common Stock and Special Class A Voting Stock, voting together as a single class. Subject to this right, our Board of Directors will be authorized to determine the number of shares and designation of any series of Preferred Stock and the dividend rate, dividend rights, liquidation preferences, conversion rights and terms, voting rights, redemption rights and terms and sinking fund terms of any series of Preferred Stock. Depending on the terms of any issued Preferred Stock, any or all series of issued Preferred Stock could have a preference over our Company Common Stock with respect to dividends and other distributions and upon liquidation or dissolution of Molson Coors. Subject to certain conditions as specified in our certificate of incorporation, our Board of Directors, without stockholder approval, can issue Preferred Stock with voting, conversion or other rights that could adversely affect the voting power and other rights of the holders of Company Common Stock. The issuance of Preferred Stock may decrease the market price of our Company Common Stock.

Anti-Takeover Effects of Certain Provisions of Our Certificate of Incorporation, Bylaws and Delaware Law

Provisions of our certificate of incorporation, our bylaws and Delaware law could have the effect of delaying or preventing a third party from acquiring us, even if the acquisition would benefit our stockholders. These provisions may delay, defer or prevent a tender offer or takeover attempt of our company that a stockholder might consider in the stockholder's best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders. These provisions are intended to enhance the likelihood of continuity and stability in the composition of our Board of Directors and in the policies formulated by our Board of Directors and to reduce our vulnerability to an unsolicited proposal for a takeover that does not contemplate the acquisition of all of our outstanding shares, or an unsolicited proposal for our restructuring or sale of all or part of our business.

Authorized but Unissued Shares of Common Stock and Preferred Stock

Subject to certain conditions, our authorized but unissued shares of Company Common Stock and Preferred Stock are available for our Board of Directors to issue without stockholder approval. As noted above, our Board of Directors, without stockholder approval, has the authority under our certificate of incorporation to issue preferred stock with rights superior to the rights of the holders of Company Common Stock, subject to certain conditions. As a result, preferred stock could be issued quickly, could adversely affect the rights of holders of Company Common Stock and could be issued with terms calculated to delay or prevent a change of control or make removal of management more difficult. We may use the additional authorized shares of Company Common Stock or Preferred Stock for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of our authorized but unissued shares of Company Common Stock and Preferred Stock could render more difficult or discourage an attempt to obtain control of our company by means of a proxy contest, tender offer, merger or other transaction.

Election, Nomination and Removal of Directors

Our Board of Directors has currently set the size of the board at 15 members. Twelve of the 15 directors may be elected by the Class A Holders, and three of the 15 directors may be elected by the Class B Holders. The Class A-C Nominating Subcommittee (consisting of two Coors family directors) may nominate five persons to stand for election to our Board of Directors by the Class A Holders, and the Class A-M Nominating Subcommittee (consisting of two Molson family directors) similarly may nominate five nominees to stand for election to our Board of Directors by the Class A Holders. The Nominating Committee (comprised of an independent director, the members of the Class A-C Nominating Subcommittee and the members of the Class A-M Nominating Subcommittee) may nominate two additional directors to stand for election to our Board of Directors by the Class A Holders. The full Board of Directors may nominate three directors to stand for election to our Board of Directors by the Class B Holders. Any director may be removed, with cause, by a majority vote of the Class A Holders and the Class B Holders, voting together as a single class. Any director may be removed, without cause, by a vote of the holders of a majority of the voting power of the class or classes that elected the director. Further, only our Board of Directors may change the size of our board, subject to certain conditions. Because this system of electing, appointing and removing directors generally makes it more difficult for stockholders to replace a majority of our Board of Directors, it may discourage a third party from initiating a tender offer or otherwise attempting to gain control of our company, and may maintain the incumbency of our Board of Directors.

Stockholder Advance Notice Procedure

Our bylaws establish an advance notice procedure for stockholders to make nominations of candidates for election as directors or to bring other business before an annual meeting of the stockholders. Only persons who are nominated by our Board of Directors, or a duly authorized board committee, or by a stockholder who has given timely written notice to the secretary of our company before the meeting at which directors are to be elected, will be eligible for election as directors. This notice is required to include specified information about the stockholder and each proposed director nominee and information regarding each proposed nominee that would be required to be included in a proxy statement filed under the Rules and Regulations of the Securities and Exchange Commission (the "SEC"). The stockholder notice procedure provides that the only business that may be conducted at an annual meeting is business that has been brought before the meeting by, or at the direction of, our Board of Directors or by a stockholder who has given timely written notice to our secretary. This notice is required to include a brief description of the business desired to be brought before the meeting and specified information about the stockholder and the stockholder's ownership of our capital stock. These provisions may preclude stockholders from bringing matters before an annual meeting of stockholders or from making nominations for directors at an annual meeting of stockholders.

Amendment to our Certificate of Incorporation and Bylaws

Our certificate of incorporation may generally be amended by a majority of our Class A Holders and Class B Holders, voting as a single class, subject to certain exceptions as set forth in our certificate of incorporation which require the vote of a majority of our Class A Holders and Class B Holders, each voting as a separate class and not jointly. Our bylaws may generally be amended by our Board of Directors, subject to certain exceptions, or by a majority of our Class A Holders.

Delaware Anti-Takeover Statute

Our certificate of incorporation expressly provides that we will not be governed by Section 203 of the DGCL. Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to specified exceptions, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years did own, 15% or more of the corporation's voting stock.

Transfer Agent and Registrar

The transfer agent and registrar for our Class A Common Stock and Class B Common Stock is Computershare Trust Company, N.A. The transfer agent and registrar for our Class A Exchangeable Shares and Class B Exchangeable Shares is AST Trust Company.

Listing

Our Class A Common Stock and Class B Common Stock are listed on the New York Stock Exchange under the symbols "TAP A" and "TAP," respectively. Our Class A Exchangeable Shares and Class B Exchangeable Shares are listed on the Toronto Stock Exchange under the symbols "TPX.A" and "TPX.B," respectively.

DESCRIPTION OF THE NOTES

The following description of our notes is intended as a summary only. This description is based upon, and is qualified by reference to, the indenture, dated as of July 7, 2016, among Molson Coors Brewing Company, the guarantors party thereto and Deutsche Bank Trust Company Americas, as Trustee (the "trustee") (the "base indenture"), as supplemented by the First Supplemental indenture, dated as of July 7, 2016, among Molson Coors Brewing Company, the guarantors party thereto and the trustee, as Trustee and Paying Agent (the "first supplemental indenture" and, together with the Base indenture, the "indenture"). This summary is not complete. You should read the base indenture and the first supplemental indenture, each of which is filed as an exhibit to this Annual Report on Form 10-K, and incorporated by reference herein, for the provisions that are important to you.

References in this section to the "Company," "us," "we" and "our" are solely to Molson Coors and not to any of its subsidiaries, unless the context requires otherwise.

General

The notes were issued under the indenture in an aggregate principal amount of €800 million. The notes will mature on July 15, 2024. The notes were issued only in fully registered form without coupons in minimum denominations of €100,000 and integral multiples of €1,000 above that amount. No service charge will be made for any transfer or exchange of the notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with a transfer or exchange. The notes are not entitled to any sinking fund.

Interest accrues on the notes at the rate of 1.25% per annum from July 7, 2016, or from the most recent date to which interest has been paid or provided for, and is payable in cash annually in arrears on July 15 of each year to the persons in whose names the notes are registered in the security register at the close of business on the July 5 preceding the relevant interest payment date, except that interest payable at maturity shall be paid to the same persons to whom principal of such notes is payable. Interest on the notes is computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the notes (or July 7, 2016 if no interest has been paid on the notes), to but excluding the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of the International Capital Markets Association. Principal and interest are payable, and the notes are transferable or exchangeable, at the office or offices or agency maintained by us for this purpose.

If any interest payment date is not a Business Day, we will pay interest on the next day that is a Business Day as if payment were made on the date such payment was due, and no interest will accrue on the amounts so payable for such delay. A "Business Day" is a day other than a Saturday, Sunday or other day on which commercial banks in New York City or London are authorized or required by law to close, or on which the Trans-European Automated Real-time Gross Settlement Express Transfer system (the TARGET2 system), or any successor thereto, is closed.

We appointed the trustee at its corporate trust office as a paying agent, transfer agent and registrar for the notes. We have caused, and will cause, each transfer agent to act as a co-registrar and have caused, and will cause, to be kept at the office of the registrar a register in which, subject to such reasonable regulations as we may prescribe, we will provide for the registration of the notes and registration of transfers of the notes. We may vary or terminate the appointment of any paying agent or transfer agent, or appoint additional or other such agents or approve any change in the office through which any such agent acts. We will provide holders of the notes with notice of any resignation, termination or appointment of the trustee or any paying agent or transfer agent, and of any change in the office through which any such agent will act.

The notes are unsecured and unsubordinated obligations of the Company and rank *pari passu* with its other unsecured and unsubordinated debt, including the Existing Notes (defined below) and U.S. borrowings under our credit facilities.

We may issue additional securities under the indenture from time to time in one or more other series, which may have terms and conditions that differ from those set forth herein. The notes were initially issued in the aggregate principal amount of €800 million. In addition, we may, without the consent of the holders of the notes, issue additional notes having the same terms and conditions in all respects as the notes, except for the applicable issue date and the issue price. Any such additional notes having such similar terms, together with the notes, will be treated as a single series of securities under the indenture, provided that if any such additional notes are not fungible with the existing notes for United States federal income tax purposes, such additional notes will have separate ISIN, CUSIP and Common Code numbers, as applicable.

The notes and other securities of other series under the indenture will vote together as a single class in many circumstances. To the extent that any securities are issued under the indenture and denominated in a currency other than U.S. dollars, the principal amount of the notes and such other securities for purposes of any act, consent or waiver under the indenture shall be determined as the dollar equivalent thereof, converted based on the spot rate (as determined by us in our discretion) at 11:00 a.m. Eastern time on the Business Day before the record date for such act, waiver or consent (or, if there is no such record date, the date when such act, consent or waiver is taken).

Guarantees

The notes are jointly and severally guaranteed on a full and unconditional senior unsecured basis by CBC Holdco LLC, CBC Holdco 2 LLC, Coors Brewing Company, Newco3, Inc., Molson Canada 2005, Molson Coors International General, ULC, Molson Coors Callco ULC, Molson Coors Holdco Inc., Molson Coors International LP, Coors International Holdco 2, ULC, CBC Holdco 3, Inc., MillerCoors LLC, and MillerCoors USA LLC, all of which are wholly owned directly or indirectly by the Company. The Guarantors (defined below) will fully and unconditionally guarantee the payment of all of the principal of, and any premium and interest, if any, on, the notes when due, whether at maturity or otherwise. Each guarantee is limited as necessary to prevent such guarantee from being rendered voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. Each of these entities also guarantees our obligations under our credit facilities and our Existing Notes.

Each Guarantor that makes a payment under its guarantee is entitled to a contribution from each other Guarantor in an amount equal to such other Guarantor's pro rata portion of such payment based on the respective net assets of all the Guarantors at the time of such payment determined in accordance with GAAP. If a guarantee were to be rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the applicable Guarantor and, depending on the amount of such indebtedness, a Guarantor's liability on its guarantee could be reduced to zero.

In addition, the Company has caused, and will cause, each of its Subsidiaries that guarantees Senior Debt (defined below) of the Company under (i) the Company's then-existing primary credit facility, (ii) the 2.75% Notes due 2020 guaranteed by the Company, the 3.5% Notes due 2022 issued by the Company or the 5.0% Notes due 2042 issued by the Company (the "Existing Notes"), or (iii) any senior unsecured notes issued by the Company in future capital markets transactions ("Additional Debt"), after the first original issue date of the notes to, within 30 days of any of the events listed in clauses (i), (ii), and (iii) immediately above, to execute and deliver to the trustee a supplemental indenture pursuant to which such Subsidiary will guarantee payment of the notes on the same terms and conditions as the original guarantees from the initial Guarantors.

A Guarantor will be automatically released and relieved from all its obligations under its guarantee in the following circumstances:

(a) upon the sale or other disposition (including by way of consolidation or merger), in one transaction or a series of related transactions, of at least a majority of the total voting power of the capital stock or other interests of such Guarantor (other than to the Company or any of its Subsidiaries), as permitted under the indenture;

(b) upon the sale or disposition of all or substantially all the assets of such Guarantor (other than to the Company or any of its Subsidiaries), as permitted under the indenture; or

(c) if at any time when no default has occurred and is continuing with respect to the notes, such Guarantor no longer guarantees (or which guarantee is being simultaneously released or will be immediately released after the release of the Guarantor) the Debt of the Company under (i) the Company's then-existing primary credit facility, (ii) the Existing Notes or (iii) any Additional Debt.

"Senior Debt" means, with respect to any Person, Debt of such Person, whether outstanding on the date of the indenture or thereafter incurred unless, in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is provided that such obligations are subordinate in right of payment to the notes; provided, however, that Senior Debt shall not include (1) any Debt of such Person owing to any affiliate of the Company; or (2) any Debt of such Person (and any accrued and unpaid interest in respect thereof) which is subordinate or junior in any respect to any other Debt of such Person.

Optional Redemption

We may, at our option, at any time and from time to time redeem all or any portion of the notes at any time prior to April 15, 2024 (the "Par Call Date") on not less than 30 nor more than 60 days' prior notice mailed to registered holders of the notes to be redeemed at a redemption price equal to the greater of:

- 100% of the principal amount of the notes being redeemed; and
- the sum of the present values of the redemption price of the notes on the Par Call Date and the remaining scheduled payments of interest on the notes being redeemed as if the notes were redeemed on the Par Call Date (exclusive of interest accrued to the date of redemption) discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) computed using a discount rate equal to the applicable Bund Rate (or, if greater than such Bund Rate, zero) plus 25 basis points,

in each case, plus accrued and unpaid interest on the principal amount of such notes being redeemed to, but excluding, the redemption date.

The notes will be redeemable, in whole or in part, at our option at any time from time to time on or after the Par Call Date, at a redemption price equal to 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest to, but excluding, the date of redemption.

If money sufficient to pay the redemption price of all of the notes (or portions thereof) to be redeemed on the redemption date is deposited with the trustee or paying agent on or before the redemption date and certain other conditions are satisfied, then on and after such redemption date, interest will cease to accrue on the notes (or such portion thereof) called for redemption.

"Bund Rate" means, with respect to any redemption date, the rate per annum equal to the equivalent yield to maturity as of such redemption date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date.

"Comparable German Bund Issue" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to the Par Call Date, and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the notes and of a maturity most nearly equal to the Par Call Date; provided, however, that, if the period from such redemption date to the Par Call Date is less than one year, a fixed maturity of one year shall be used.

"Comparable German Bund Price" means, with respect to any redemption date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if we obtain fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations.

"Reference German Bund Dealer" means any dealer of German Bundesanleihe securities that we select.

"Reference German Bund Dealer Quotations" means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Company of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference German Bund Dealer at 3:30 p.m., Frankfurt, Germany time, on the third Business Day preceding such redemption date.

If we elect to redeem less than all of the notes, and such notes are at the time represented by a global note, then the particular notes to be redeemed will be selected in compliance with the requirements of the principal securities exchange, if any, on which the notes are listed and in compliance with the requirements of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), or Clearstream Banking, *société anonyme* ("Clearstream"), as applicable, or if the notes are not so listed or such exchange prescribes no method of selection and the notes are not held through Euroclear or Clearstream, as applicable, or Euroclear or Clearstream, as applicable, prescribes no method of selection, the paying agent will select the notes to be redeemed by lot. If we elect to redeem less than all of the notes, and any of such notes are not represented by a global note, then the paying agent will select the particular notes to be redeemed in accordance with its customary practices and procedures (and the depositary will select by lot the particular interests in any global note to be redeemed).

We may at any time, and from time to time, purchase the notes at any price or prices in the open market, through negotiated transactions, by tender offer or otherwise.

Once notice of redemption is mailed for the notes, the notes called for redemption will become due and payable on the redemption date at the applicable redemption price.

Notice of any redemption of notes in connection with a corporate transaction (including any equity offering, an incurrence of indebtedness or a change of control) may, at the Company's discretion, be given prior to the completion thereof and any such redemption or notice may, at the Company's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of the related transaction. If such redemption or purchase is so subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date. In addition, the Company may provide in such notice that payment of the redemption price and performance of the Company's obligations with respect to such redemption may be performed by another Person.

Payment of Additional Amounts

We will, subject to the exceptions and limitations set forth below, pay such additional amounts as will result in the receipt by a holder of such amounts, after deduction for any present or future tax, assessment or other governmental charge of the United States or a political subdivision or taxing authority of or in the United States (a "Relevant Jurisdiction"), imposed by withholding with respect to the payment, as would have been received had no such withholding or deduction been required; provided, however, that the foregoing obligation to pay additional amounts shall not apply:

(1) to any tax, assessment or other governmental charge of the United States imposed on a holder of a note that is a "United States person" (as defined below);

(2) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the holder (or the beneficial owner for whose benefit such holder holds such note), or a fiduciary, settlor, beneficiary, member or shareholder of the holder if the holder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as:

(a) being or having been present or engaged in a trade or business in the Relevant Jurisdiction or having had a permanent establishment in the Relevant Jurisdiction;

(b) having a current or former relationship with the Relevant Jurisdiction, including a relationship as a citizen or resident of the Relevant Jurisdiction;

(c) being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation for United States federal income tax purposes or a corporation that has accumulated earnings to avoid United States federal income tax;

(d) being or having been a "10-percent shareholder" of us as defined in section 871(h)(3) of the United States Internal Revenue Code or any successor provision (the "Code");

(e) being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into the ordinary course of its trade or business, as described in section 881(c)(3)(A) of the Code; or

(3) to any holder that is not the sole beneficial owner of the notes, or a portion of the notes, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficial owner with respect to the holder, a beneficiary or settlor with respect to the fiduciary, or a partner or member of the partnership or limited liability company would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner, partner, or member received directly its beneficial or distributive share of the payment;

(4) to any tax, assessment or other governmental charge that is imposed or otherwise withheld solely by reason of a failure of the holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the Relevant Jurisdiction of the holder or beneficial owner of the notes, if compliance is required by statute, by regulation of the Relevant Jurisdiction or any taxing authority therein or by an applicable income tax treaty to which the Relevant Jurisdiction is a party as a precondition to exemption from such tax, assessment or other governmental charge;

(5) to any tax, assessment or other governmental charge that is imposed otherwise than by withholding or deduction from the payment;

(6) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of a change in law, regulation, or administrative or judicial interpretation that becomes effective after the payment becomes due or is duly provided for, whichever occurs later;

(7) to any estate, inheritance, gift, sales, excise, transfer, wealth, capital gains or personal property tax or similar tax, assessment or other governmental charge;

(8) to any tax, assessment or other governmental charge any paying agent (which term may include us) must withhold from any payment of principal of or interest on any note, if such payment can be made without such withholding by any other paying agent;

(9) to any tax, assessment or governmental charge that would not have been so imposed or withheld but for the presentation by the holder of a note for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(10) any withholding or deduction pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations, agreements thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement);

(11) to any tax, assessment or governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any note as a result of the presentation of any note for payment by or on behalf of a beneficial owner who would have been able to avoid the withholding or deduction by presenting the relevant global note to another paying agent in a Member State of the EU; or

(12) in the case of any combination of the above items.

The notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable to the notes. Except as specifically provided under this heading "—Payment of Additional Amounts," we will not be required to make any payment for any tax, assessment or other governmental charge imposed by any government or a political subdivision or taxing authority of or in any government or political subdivision.

As used under this heading "—Payment of Additional Amounts" and under the heading "—Redemption for Tax Reasons," the term "United States" means the United States of America (including the states and the District of Columbia) and its territories, possessions and other areas subject to its jurisdiction, "United States person" means any individual who is a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States, any state of the United States or the District of Columbia (other than a partnership that is not treated as a United States person under any applicable Treasury regulations), or any estate or trust the income of which is subject to United States federal income taxation regardless of its source.

Redemption for Tax Reasons

If, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated under the laws) of the Relevant Jurisdiction, or any change in, or amendments to, an official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after June 29, 2016 (or, in the case of a successor to the Company, the date of succession), we become or, based upon a written opinion of independent counsel of recognized standing selected by us, there is a substantial probability that we will become, obligated to pay additional amounts as described herein under the heading "—Payment of Additional Amounts" with respect to the notes, then we may at our option redeem, in whole, but not in part, the notes on not less than 30 nor more than 60 days prior notice, at a redemption price equal to 100% of their principal amount, together with interest accrued but unpaid on those notes to the date fixed for redemption, provided such obligation cannot be avoided by our taking reasonable measures available to us.

Repurchase Upon Change of Control Triggering Event

If a Change of Control Triggering Event (as defined below) occurs with respect to the notes, unless we have exercised our right to redeem such notes upon the occurrence of specified events involving taxation as described above under "—Redemption for Tax Reasons," or we have unconditionally exercised our right to redeem such notes as described herein, each holder of such notes will have the right to require us to repurchase all or any part (equal to €100,000 or an integral multiple of €1,000 in excess thereof) of their notes pursuant to the offer described below (the "Change of Control Offer") on the terms set forth in the indenture. In the Change of Control Offer, we will offer payment in cash equal to 101% of the aggregate principal amount of the notes repurchased, plus accrued and unpaid interest, if any, on the notes repurchased to, but excluding, the date of purchase (the "Change of Control Payment").

Within 30 days following any Change of Control Triggering Event with respect to the notes, or, at our option, prior to the date of consummation of any Change of Control, but after public announcement of the pending Change of Control, we will mail a notice to holders of the notes, with a copy to the trustee and the paying agent, describing the transaction or transactions that constitute the Change of Control and offering to repurchase such notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date"), pursuant to the procedures required by the indenture and described in such notice. The repurchase obligation with respect to any notice mailed prior to the consummation of the Change of Control, shall be conditioned on the Change of Control Triggering Event occurring on or prior to the payment date specified in the notice.

To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the indenture, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control provisions of the indenture by virtue of such conflicts.

On the Change of Control Payment Date, we will, to the extent lawful:

- accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;
- deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered and not validly withdrawn; and
- deliver or cause to be delivered to the trustee the notes properly accepted together with an officer's certificate stating the aggregate principal amount of notes being repurchased.

The paying agent will promptly mail to each holder of notes properly tendered and not validly withdrawn the purchase price for such notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new note equal in principal amount to any unpurchased portion of any notes surrendered; provided that each new note will be in a principal amount of €100,000 or an integral multiple of €1,000 in excess thereof.

We will not be required to make an offer to repurchase the notes upon a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and such third party purchases all notes properly tendered and not withdrawn under its offer.

For purposes of the foregoing discussion of a repurchase at the option of holders, the following definitions are applicable:

"Below Investment Grade Rating Event" means the notes are rated below an Investment Grade Rating by each of the Rating Agencies on any date from the earlier of (1) the occurrence of a Change of Control or (2) public notice of our intention to effect a Change of Control, in each case until the end of the 60-day period following the earlier of (1) the occurrence of a Change of Control or (2) public notice of our intention to effect a Change of Control; provided, however, that if during such 60-day period one or more Rating Agencies has publicly announced that it is considering a possible downgrade of the notes, then such 60-day period shall be extended for such time as the rating of the notes by any such Rating Agency remains under publicly announced consideration for possible downgrade. Notwithstanding the foregoing, a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating will not be deemed to have occurred in respect of a particular Change of Control (and thus will not be deemed a Below Investment Grade Rating Event for purposes of the definition of Change of Control Triggering Event) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the trustee in writing at our or its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control has occurred at the time of the Below Investment Grade Rating Event).

"beneficial owner" will be determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934 the "Exchange Act"), as in effect on the date of the indenture.

"beneficially own" and "beneficially owned" have meanings correlative to that of beneficial owner.

"Change of Control" means the occurrence of any of the following: (1) any "person" or "group" (other than the "permitted parties") is or becomes (by way of merger or consolidation or otherwise) the "beneficial owner," directly or indirectly, of shares of our Voting Stock representing 50% or more of the total voting power of all outstanding classes of our Voting Stock or has the power, directly or indirectly, to elect a majority of the members of our board of directors; (2) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties and assets of us and our Subsidiaries, taken as a whole, to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than to (i) us or one of our Subsidiaries, or (ii) one or more permitted parties; or (3) the holders of our capital stock approve any plan or proposal for the liquidation or dissolution of the Company (whether or not otherwise in compliance with the indenture). Notwithstanding the foregoing, (a) a transaction will not be deemed to involve a Change of Control if (i) the Company becomes a direct or indirect wholly owned subsidiary of a holding company and (ii)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of the Company's voting stock immediately prior to that transaction or (B) immediately following that transaction no person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the voting stock of such holding company, and (b) the right to acquire Voting Stock (so long as such person does not have the right to direct the voting of the Voting Stock subject to such right) or any veto power in connection with the acquisition or disposition of Voting Stock will not cause a party to be a "beneficial owner."

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB–(or the equivalent) by S&P.

"Moody's" means Moody's Investors Service, Inc., and its successors.

"person" or "group" have the meanings given to them for purposes of Sections 13(d) and 14(d) of the Exchange Act as in effect on the issue date of the notes (but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan, and any permitted party shall be excluded when determining the members of such "group"), and the term "group" includes any group acting for the purpose of acquiring, holding or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act as in effect on the issue date of the notes.

"permitted party" means (a) (i) the Adolph Coors, Jr. Trust, (ii) any trustee of such Trust acting in its capacity as such, (iii) any Person that is a beneficiary of such trust on the date hereof, (iv) any other trust or similar arrangement for the benefit of such beneficiaries, (v) the successors of any such Persons, (vi) any Persons Controlled by such Persons, (vii) Peter H. Coors and Marilyn E. Coors, their estates, their lineal descendants and any other trust for the benefit of such Persons and (viii) any Person who any of the foregoing have voting control over the Voting Stock of the Company held by such Person; and (b) (i) Pentland Securities (1981) Inc., a Canadian corporation, (ii) Lincolnshire Holdings Inc., (iii) Nooya Investments Inc., (iv) Eric Molson and Stephen Molson, their spouses, their estates, their lineal descendants and any trusts for the benefit of such Persons (including, as to any common stock of the Company held by it for the benefit of such Persons, the trust established under the Voting and Exchange Trust Agreement (as defined in the Combination Agreement dated as of July 21, 2004 between the Company and Molson), (v) the successors of any such Persons, (vi) any Persons Controlled by such Persons, and (vii) any Person who any of the foregoing have voting control over the Voting Stock of the Company held by such Person.

"Rating Agencies" means (1) each of Moody's and S&P; and (2) if either of Moody's or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a "nationally recognized statistical rating organization" within the meaning of Section 3(a)(62) of the Exchange Act, selected by us (as certified by a resolution of our board of directors) as a replacement agency for Moody's or S&P, or both, as the case may be.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

The term "all or substantially all" as used in the definition of Change of Control will likely be interpreted under applicable state law and will be dependent upon particular facts and circumstances. There may be a degree of uncertainty in interpreting this phrase. As a result, we cannot assure you how a court would interpret this phrase under applicable law if a holder of the notes elects to exercise its rights following the occurrence of a transaction which a holder of the notes believe constitutes a transfer of "all or substantially all" of our assets.

In calculating the amount of Voting Stock owned by a person or group the Voting Stock "beneficially owned" by any permitted party shall not be included.

Certain Restrictions

The following restrictions apply to the notes:

Restrictions on Secured Debt

If the Company or any Restricted Subsidiary (as defined below) shall incur, issue, assume or enter into a guarantee of any Debt secured by a mortgage, pledge or lien ("Mortgage," provided, however, that in no event shall an operating lease be deemed to constitute a Mortgage) on any Principal Property (as defined below) of the Company or any Subsidiary, or on any Capital Stock of any Restricted Subsidiary, the Company will, or will cause such Subsidiary or Restricted Subsidiary to, secure the notes equally and ratably with (or, prior to) such secured Debt, for so long as such Debt is so secured, unless the aggregate amount of all such secured Debt (for the avoidance of doubt, to the extent such debt is secured by a Mortgage on any Principal Property), when taken together with all Attributable Debt with respect to sale and leaseback transactions involving Principal Properties of the Company or any Subsidiary (with the exception of such transactions which are excluded as described in the next paragraph and in the second paragraph in "—Restrictions on Sales and Leasebacks" below), would not, at the time of such incurrence or guarantee, exceed 15% of Consolidated Net Tangible Assets, as determined based on the most recent available consolidated balance sheet of the Company.

The above restriction will not apply to Debt secured by:

(1) Mortgages existing on any property prior to the acquisition thereof by the Company or a Restricted Subsidiary or existing on any property of any corporation or other entity that becomes a Subsidiary after the date of the indenture prior to the time such corporation becomes a Subsidiary or securing indebtedness that is used to pay the cost of acquisition of such property or to reimburse the Company or a Restricted Subsidiary for that cost; provided, however, that such Mortgage shall not apply to any other property of the Company or a Restricted Subsidiary other than improvements and accessions to the property to which it originally applies;

(2) Mortgages to secure the cost of development or construction of such property, or improvements of such property; provided, however, that such Mortgages shall not apply to any other property of the Company or any Restricted Subsidiary;

(3) Mortgages in favor of a governmental entity or in favor of the holders of securities issued by any such entity, pursuant to any contract or statute (including Mortgages to secure debt of the pollution control or industrial revenue bond type) or to secure any indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of construction of the property subject to such Mortgages;

(4) Mortgages securing indebtedness owing to the Company or a Guarantor;

(5) Mortgages existing on July 7, 2016;

(6) Mortgages required in connection with governmental programs which provide financial or tax benefits, as long as substantially all of the obligations secured are in lieu of or reduce an obligation that would have been secured by a lien permitted under the indenture;

(7) extensions, renewals or replacements of the Mortgages referred to in this paragraph (other than Mortgages described in clauses (2) and (4) above) so long as the principal amount of the secured Debt is not increased (except by an amount not to exceed the fees and expenses, including any premium and defeasance costs incurred with such extension, renewal or replacement) and the extension, renewal or replacement is limited to all or part of the same property secured (and for the avoidance of doubt could have been secured) by the Mortgage so extended, renewed or replaced; or

(8) Mortgages in connection with sale and leaseback transactions described in the second paragraph in "—Restrictions on Sales and Leasebacks" below.

For the avoidance of doubt, the accrual of interest, accretion or amortization of original issue discount or accreted value, the accretion of dividends, and the payment of interest on Debt in the form of additional Debt will not be deemed to be an incurrence, issuance, assumption or guarantee of Debt.

Restrictions on Sales and Leasebacks

Neither the Company nor any Restricted Subsidiary may enter into any sale and leaseback transaction involving any Principal Property, unless the aggregate amount of all Attributable Debt with respect to such transactions, when taken together with all secured Debt permitted under the first paragraph in "—Restrictions on Secured Debt" above (and not excluded in the second paragraph thereof) would not, at the time such transaction is entered into, exceed 15% of Consolidated Net Tangible Assets, as determined based on the most recent available consolidated balance sheet of the Company.

The above restriction will not apply to, and there will be excluded from Attributable Debt in any computation under this restriction, any sale and leaseback transaction if:

(1) the transaction is between or among two or more of the Company and the Guarantors;

(2) the lease is for a period, including renewal rights, of not in excess of three years;

(3) the transaction is with a governmental authority that provides financial or tax benefits;

(4) the net proceeds of the sale are at least equal to the fair market value of the property and, within 180 days of the transfer, the Company or the Guarantors repay Funded Debt owed by them or make expenditures for the expansion, construction or acquisition of a Principal Property at least equal to the net proceeds of the sale; or

(5) such sale and leaseback transaction is entered into within 180 days after the acquisition or construction, in whole but not in part, of such Principal Property.

SEC Reports

The indenture provides that any documents or reports that we are required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act must be filed by us with the trustee (with a copy to the paying agent) within 15 days after the same are required to be filed with the SEC (giving effect to any grace period provided by Rule 12b-25 under the Exchange Act). Documents filed by us with the SEC via the EDGAR system (or any successor thereto) will be deemed to be filed with the trustee and copied to the paying agent as of the time such documents are filed via EDGAR.

Certain Definitions

"Attributable Debt" means, as to any particular lease under which any Person is at the time liable and at any date as of which the amount of such liability is to be determined, the total net amount of rent required to be paid by such Person under such lease during the remaining primary term thereof, discounted from the respective due dates thereof to such date at the actual percentage rate inherent in such arrangements as determined in good faith by the Company. The net amount of rent required to be paid under any such lease for any such period shall be the aggregate amount payable by the lessee with respect to such period after excluding amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments and similar charges. In the case of any lease which is terminable by the lessee upon the payment of a penalty, such net amount shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be terminated.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations, units or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock, but excluding any debt securities convertible into such equity.

"Consolidated Net Tangible Assets" means the consolidated total assets of the Company, including its consolidated subsidiaries, after deducting current liabilities (except for those which are Funded Debt or the current maturities of Funded Debt) and goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other intangible assets. Deferred income taxes, deferred investment tax credit or other similar items, as calculated in accordance with GAAP, will not be considered as a liability or as a deduction from or adjustment to total assets.

"Debt" means with respect to any Person:

(1) indebtedness for money borrowed of such Person, whether outstanding on the date of the indenture or thereafter incurred; and

(2) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable.

The amount of indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the amount of any contingent obligation at such date that would be classified as indebtedness in accordance with GAAP; provided, however, that (i) in the case of indebtedness sold at a discount, the amount of such indebtedness at any time will be the accreted value thereof at such time and (ii) otherwise the amount of such indebtedness will be the principal amount of such indebtedness.

"Funded Debt" of any Person means (a) all Debt of such Person having a maturity of more than 12 months from the date as of which the determination is made or having a maturity of 12 months or less but by its terms being renewable or extendable beyond 12 months from such date at the option of such Person, or (b) rental obligations of such Person payable more than 12 months from such date under leases which are capitalized in accordance with GAAP (such rental obligations to be included as Funded Debt at the amount so capitalized).

"GAAP" means generally accepted accounting principles in the United States in effect on July 7, 2016. At any time after July 7, 2016, the Company may elect to apply International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") accounting principles in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS on the date of such election; provided that any such election, once made, shall be irrevocable; provided, further, that any calculation or determination in the indenture that requires the application of GAAP for periods that include fiscal quarters ended prior to the Company's election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP.

"Guarantors" means (a) CBC Holdco LLC, CBC Holdco 2 LLC, Coors Brewing Company, Newco3, Inc., Molson Canada 2005, Molson Coors International General, ULC, Molson Coors Callco ULC, Molson Coors Holdco Inc., Molson Coors International LP, Coors International Holdco 2, ULC, CBC Holdco 3, Inc., MillerCoors LLC, and MillerCoors USA LLC and (b) each of the Company's future Subsidiaries that guarantees the notes as required by the provisions described under "—Guarantees" above, until in each case, such entity is released as a Guarantor pursuant to the terms of the indenture.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof or any other entity.

"Principal Property" means any brewery, manufacturing, processing or packaging plant or warehouse owned at the date of the indenture or thereafter acquired by the Company or any Restricted Subsidiary which is located within the United States of America or Canada, other than any property which in the opinion of the Board of Directors of the Company is not of material importance to the total business conducted by the Company and the Restricted Subsidiaries as an entirety.

"Restricted Subsidiary" means a Subsidiary of the Company (a) substantially all the property of which is located, or substantially all the business of which is carried on, within the United States or Canada, and (b) which owns a Principal Property.

"Significant Subsidiary" means any Subsidiary of the Company that would be a "Significant Subsidiary" within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC.

"Subsidiary" means, with respect to any Person, any other Person more than 50% of the outstanding Voting Stock of which at the time of determination is owned, directly or indirectly, by such first Person and/or one or more other Subsidiaries of such first Person.

"Voting Stock" of any entity means the class or classes of Capital Stock then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote generally on matters to be decided by the stockholders (or other owners) of such entity (including the election of directors), which, for the avoidance of doubt, in the case of the Company as of the date hereof consists of the Class A common stock and the Special Class A voting stock, taken together.

Merger, Consolidation or Sale of Assets

The indenture provides that (i) the Company shall not merge or sell, convey, transfer or lease, in one transaction or a series of transactions, directly or indirectly, all or substantially all of its assets, and (ii) a Guarantor shall not merge or sell, convey, transfer or lease, in one transaction or a series of transactions, all or substantially all of its assets, in each case to any Person unless (i) the successor is organized under the laws of the United States, Canada, Switzerland, the United Kingdom, any member of the European Union or the predecessor's jurisdiction of organization, or any state, province or division thereof, or the District of Columbia, (ii) such successor assumes the obligations of the Company or such Guarantor with respect to the notes or the related guarantee, as applicable, under the indenture (it being understood that any obligation to pay Additional Amounts shall be determined mutatis mutandis, by treating any jurisdiction under the laws of which such successor is organized or resident for tax purposes and any political subdivision or taxing authority as therein having the power to tax, as a Relevant

Jurisdiction), and (iii) after giving effect to such transaction, no default or event of default under the indenture will have occurred and be continuing.

Defeasance and Discharge

The indenture provides that the Company may elect either (i) to defease and be discharged from any and all obligations with respect to the notes (except as otherwise provided in the indenture) ("defeasance") or (ii) to be released, and to have the Guarantors released, from any and all obligations with respect to certain covenants that are described in the indenture ("covenant defeasance"), upon the irrevocable deposit with the paying agent, in trust for such purpose, of money and/or government obligations that through the payment of principal and interest in accordance with their terms will provide money in an amount sufficient, without reinvestment, to pay the principal of, premium, if any, and interest on the notes to maturity or redemption, as the case may be (provided that any excess moneys or government obligations and any moneys or government obligations remaining unclaimed after two years from the maturity date or redemption date, as applicable, with respect to such notes will be repaid). As a condition to defeasance or covenant defeasance, the Company must deliver to the trustee (with a copy to the paying agent) an opinion of counsel to the effect that the beneficial owners of the notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred. Such opinion of counsel, in the case of defeasance under clause (i) above, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the indenture. The Company may exercise its defeasance option with respect to the notes notwithstanding the prior exercise of the covenant defeasance option with respect thereto. If the Company exercises the defeasance option with respect to the notes, payment of the notes may not thereafter be accelerated because of an event of default.

If the Company exercises the covenant defeasance option with respect to the notes, payment of the notes may not thereafter be accelerated by reference to any covenant from which the Company and the Guarantors were released as described under clause (ii) of the immediately preceding paragraph. However, if acceleration were to occur for other reasons, the realizable value at the acceleration date of the money and government obligations in the defeasance trust could be less than the principal and interest then due on the notes, in that the required deposit in the defeasance trust is based upon scheduled cash flows rather than market value, which will vary depending upon interest rates and other factors.

As used in this section, "government obligations" means euro-denominated securities that are direct obligations (or certificates representing an ownership interest in such obligations) of a member state of the European Union as of the date of the indenture (including any agency or instrumentality thereof) for the payment of which the full faith and credit of such government is pledged; provided that such member state has a long-term government debt rating of "A1" or higher by Moody's or "A+" or higher by S&P or the equivalent rating category of another internationally recognized rating agency.

Events of Default

Each of the following constitutes an event of default under the indenture with respect to the notes:

(1) default in the payment of any installment of interest on the notes issued under the indenture for 30 days after becoming due;

(2) default in the payment of principal (or premium, if any) on the notes issued under the indenture when due;

(3) default in the performance of any other covenant with respect to the notes continuing for 90 days after notice as provided below;

(4) if payment of any Debt of the Company, the Guarantors or any of the Company's Significant Subsidiaries in a principal amount exceeding $200 million is accelerated as a result of the failure of the Company, any Guarantor or any of the Company's Significant Subsidiaries to perform any covenant or agreement applicable to such Debt which acceleration is not rescinded or annulled within 60 days after written notice thereof; and

(5) certain events of bankruptcy, insolvency or reorganization with respect to the Company.

If an event of default described in clause (1) through (4) above shall occur and be continuing with respect to the outstanding notes, then either the trustee or the holders of at least 25% in principal amount of the notes may declare the principal and premium, if any, of the notes and the accrued interest thereon, if any, to be due and payable. If an event of default described in clause (5) above shall occur and be continuing, then the principal and premium, if any, of the notes and the accrued interest thereon, if any, shall be due and payable without any declaration or other act on the part of the trustee or any holders of the notes. The indenture provides that the trustee shall, within 90 days after the occurrence of a default known to the trustee, give the holders of the notes notice of all uncured defaults known to it (the term "default" to mean the events specified above without grace periods); provided that, except in the case of default in the payment of principal of or interest on the notes, the trustee shall be protected in withholding such notice if it in good faith determines the withholding of such notice is in the interest of the holders of the notes and so advises the Company in writing. At any time after such declaration of acceleration has been made, the holders of a majority in principal amount of the notes, by written notice to the Company and the trustee, may, in certain circumstances, rescind and annul such declaration with respect to the notes, provided that such rescission would not conflict with any judgment or decree, and if all existing events of default have been cured or waived except non-payment of the principal amount or premium, if any, or interest on the notes that has become due solely because of acceleration.

We are required to furnish to the trustee (with a copy to the paying agent) within 120 days after the end of the Company's fiscal year (and at least once in each 12 month period and at any other reasonable time upon demand of the trustee) a statement by certain officers to the effect that, to the best of their knowledge, no default has occurred under the indenture or, if there has been a default, specifying each such default. The holders of a majority of the outstanding principal amount of the notes affected will have the right, subject to certain limitations, to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the notes, and to waive certain defaults with respect thereto. The indenture provides that in case an event of default shall occur and be continuing, the trustee shall exercise such of its rights and powers under the indenture, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any of the holders of the notes unless they first shall have offered to the trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request.

Before any holder of notes may institute action for any remedy, except payment on such holder's notes when due, the holders of not less than 25% in principal amount of the outstanding notes must request the trustee to take action and certain other conditions must be met. Holders must also offer and give the trustee security or indemnity reasonably satisfactory to it against liabilities incurred by the trustee for taking such action.

If the euro is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the notes will be made in U.S. dollars until the euro is again available to us or so used. The amount payable on any date in euros will be converted into U.S. dollars on the basis of the most recently available market exchange rate for euro. Any payment in respect of the notes so made in U.S. dollars will not constitute an event of default.

Modification of the Indenture and Waiver

The indenture provides that the Company, the Guarantors (except that with respect to clause (1) below with respect to the addition of guarantors, the signatures of the other Guarantors shall not be required) and the trustee may enter into supplemental indentures without the consent of the holders of the notes of any series to:

(1) add guarantors with respect to the notes, including any Guarantors, or to secure the notes;

(2) add covenants for the protection of the holders of the notes;

(3) add any additional events of default;

(4) cure any ambiguity, omission, mistake, defect or inconsistency in the indenture;

(5) add to or change or eliminate any provision of the indenture as shall be necessary or desirable in accordance with any amendments to the Trust Indenture Act of 1939, as amended;

(6) supplement any of the provisions of the indenture to such extent as shall be necessary to permit or facilitate the defeasance and discharge of the notes so long as any such action shall not adversely affect the interests of any holder of the notes or any other series of debt securities issued thereunder;

(7) prohibit the authentication and delivery of additional series of notes;

(8) provide for uncertificated notes in addition to or in place of certificated notes subject to applicable laws;

(9) establish the form or terms of other debt securities issued under the indenture and coupons of any series of such other debt securities pursuant to the indenture and to change the procedures for transferring and exchanging such other debt securities so long as such change does not adversely affect the holders of any outstanding debt securities, including the notes (except as required by applicable securities laws);

(10) make any change to the indenture that does not adversely affect the rights of any holder of any series of debt securities, including the notes;

(11) secure any series of debt securities, including the notes;

(12) evidence the acceptance of appointment by a successor trustee and to add to or arrange any provisions of the indenture necessary for or to facilitate the administration of the trusts created under the indenture by more than one trustee;

(13) comply with the merger and consolidation provisions pursuant to the indenture;

(14) in the case of subordinated debt securities, to make any change to the provisions of the indenture or any supplemental indenture relating to subordination that would limit or terminate the benefits available to any holder of Senior Debt under such provisions (but only if each such holder of Senior Debt under such provisions consents to such change);

(15) evidence the release of any Guarantor pursuant to the terms of the indenture;

(16) add to, change, or eliminate any of the provisions of the indenture with respect to one or more series of debt securities, so long as any such addition, change or elimination not otherwise permitted under the indenture shall: (i) neither apply to any debt security of any series including the notes, created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor modify the rights of the holders of any such debt security with respect to the benefit of such provision; or (ii) become effective only when there is no such prior security outstanding; or

(17) conform the indenture and/or the notes to the section entitled "Description of the Notes" in the Company's prospectus supplement related to the initial offering of the notes, dated June 29, 2016.

The indenture also contains provisions permitting the Company, the Guarantors and the trustee, with the consent of the holders of not less than a majority in aggregate principal amount of each series of notes affected to add any provisions to, or change in any manner or eliminate any of the provisions of, the indenture or modify in any manner the rights of the holders of such series of notes so affected. However, the Company may not, without the consent of each holder of notes of each series so affected:

(1) extend the final maturity of such series of notes;

(2) reduce the principal amount (or premium, if any) of such series of notes;

(3) reduce the rate or extend the time of payment of interest on such series of notes;

(4) reduce any amount payable on redemption of such series of notes or change the time (other than with respect to timing of notices of redemption) at which such series of notes may be redeemed in accordance with the indenture;

(5) impair the right of any holder of such series of notes to institute suit for the payment of such series of notes;

(6) reduce the percentage in principal amount of such series of notes the consent of the holders of which is required for any such modification;

(7) make such series of notes payable in currency other than that stated in such series of notes;

(8) make any changes in the ranking or priority of such series of notes that would adversely affect the holders of such series of notes;

(9) make any change to the guarantees made by any Guarantors that would adversely affect the rights of holders of such series of notes; or

(10) amend the above items or applicable sections of the indenture providing certain rights to the majority of holders of such series of notes.

The holders of at least a majority in principal amount of each series affected thereby then outstanding, may waive compliance by the Company and the Guarantors with certain restrictive provisions of the indenture applicable to such series. The holders of not less than a majority in principal amount of each series affected thereby then outstanding may waive any past default under the indenture applicable to such series, except a default (a) in the payment of principal of (and premium, if any) or any interest on such series, (b) in respect of a covenant, or provision of the indenture which cannot be modified or amended without the consent of the holder of each note of such series outstanding affected, or (c) arising from the failure to redeem or purchase notes of such series when required pursuant to the terms of the indenture.

Sinking Fund

There is no sinking fund for the notes.

Governing Law

The indenture and the notes are governed by and construed in accordance with the laws of the State of New York.

Concerning the Trustee, Paying Agent, Registrar and Transfer Agent

Deutsche Bank Trust Company Americas is the trustee, registrar, transfer agent and paying agent under the indenture. The Company may change the paying agent, the registrar or the transfer agent without prior notice to the holders, and the Company or any of its Subsidiaries may act as the paying agent, the registrar or the transfer agent.

We have customary banking relationships with Deutsche Bank Trust Company Americas and its affiliates. In addition, Deutsche Bank Trust Company Americas may serve as trustee for other debt securities issued by the Company from time to time.

Except during the continuance of an event of default, the trustee need perform only those duties that are specifically set forth in the indenture and no others, and no implied covenants or obligations will be read into the indenture against the trustee. In case an event of default has occurred and is continuing, the trustee shall exercise those rights and powers vested in it by the indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. No provision of the indenture requires the trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties thereunder, or in the exercise of its rights or powers, unless it receives indemnity satisfactory to it against any loss, liability or expense.

Listing

The notes are listed on the New York Stock Exchange under the bond trading symbol “TAP.” We have no obligation to maintain such listing and we may delist the notes at any time.

Payments in Euro

Holders are required to pay for the notes in euro, and all payments of interest and principal, including payments made upon any redemption of the notes, will be payable in euro. If the euro is unavailable to the Company due to the imposition of exchange controls or other circumstances beyond our control or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the notes will be made in U.S. dollars until the euro is again available to us or so used. In such circumstances, the amount payable on any date in euro will be converted into U.S. dollars on the basis of the most recently available market exchange rate for euro. Any payment in respect of the notes so made in U.S. dollars will not constitute an event of default under the notes or the indenture governing the notes. Neither the trustee nor the paying agent shall have any responsibility for any calculation or conversion in connection with the forgoing.

Judgment Currency

The indenture provides that the Company will agree, to the fullest extent that it may effectively do so under applicable law, that (a) if for the purpose of obtaining judgment in any court with respect to the notes it is necessary to convert the sum due in respect of the principal, premium, if any, or interest, if any, payable with respect to such notes into a currency in which a judgment can be rendered (the “Judgment Currency”), the rate of exchange from the currency in which payments under such notes is payable (the “Required Currency”) into the Judgment Currency will be the highest bid quotation (assuming European style quotation—i.e., Required Currency per Judgment Currency) received by the Company from three recognized foreign exchange dealers in the City of New York for the purchase of the aggregate amount of the judgment (as denominated in the Judgment Currency) on the Business Day preceding the date on which a final unappealable judgment is rendered, for settlement on such payment date, and at which the applicable dealer timely commits to execute a contract, and (b) the Company’s obligations under the indenture to make payments in the Required Currency (i) will not be discharged or satisfied by any tender, or by any recovery pursuant to any judgment (whether or not entered in accordance with the preceding clause (a)), in any currency other than the Required Currency, except to the extent that such tender or recovery will result in the actual receipt by the judgment creditor of the full amount of the Required Currency expressed to be payable in respect of such payments, (ii) will be enforceable as an alternative or additional cause of action for the purpose of recovering in the Required Currency the amount, if any, by which such actual receipt will fall short of the full amount of the Required Currency so expressed to be payable, and (iii) will not be affected by judgment being obtained for any other sum due under the indenture.

Book-Entry, Clearance and Settlement

The notes were issued in the form of one or more fully registered global notes (each a “global note”) which were deposited with, or on behalf of, a common depositary (the “Depositary”) for the accounts of Euroclear and Clearstream, as applicable, or any successor thereto, and registered in the name of the Depositary’s nominee.

Investors who hold beneficial interests in a global note may hold such interests directly through Euroclear and Clearstream if they are participants in these systems, or indirectly through organizations that are participants in Euroclear or Clearstream. Euroclear and Clearstream hold interests in the global notes on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositaries.

While the notes are in global form, owners of interests in a global note do not have the notes registered in their names, do not receive physical delivery of the notes in certificated form and are not be considered the registered owners or “holders” of notes under the indenture for any purpose. Beneficial interests in the global notes were issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. Book-entry interests were limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests are shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and/or Clearstream and their participants.

So long as the notes are held in global form, the Depositary will be considered the holder of the global notes for all purposes under the indenture. As such, participants must rely on the procedures of Euroclear and/or Clearstream and indirect participants must rely on the procedures of Euroclear and/or Clearstream and the participants through which they own book-entry interests in order to exercise any rights of holders under the indenture.

Neither the Company, nor the trustee under the indenture, nor any of the Company's or the trustee's respective agents has any responsibility or be liable for any aspect of the records relating to the book-entry interests.

Euroclear and Clearstream have advised us that Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

If Euroclear or Clearstream, as applicable, notifies us that it is unwilling or unable to continue as a clearing system in connection with the global notes or, Euroclear or Clearstream, as applicable, ceases to be a clearing system, and in each case a successor clearing system is not appointed by us after receiving such notice or on becoming aware that Euroclear and Clearstream are no longer so registered, we will issue or cause to be issued individual certificates in registered form on registration of transfer of, or in exchange for, book-entry interests in the notes represented by such global notes upon delivery of such global notes for cancellation.

Title to book-entry interests in the notes will pass by book-entry registration of the transfer within the records of Clearstream or Euroclear, as the case may be, in accordance with their respective procedures. Book-entry interests in the notes may be transferred within Clearstream and within Euroclear and between Clearstream and Euroclear in accordance with procedures established for these purposes by Clearstream and Euroclear.

CLASS A COMMON STOCK

NUMBER

MCA

CLASS A COMMON STOCK

CUSIP 60871R 10 0

SEE REVERSE FOR CERTAIN DEFINITIONS

MOLSON COORS BEVERAGE COMPANY

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

This certifies that

is the owner of

FULLY PAID AND NONASSESSABLE SHARES OF THE CLASS A COMMON STOCK, $0.01 PAR VALUE PER SHARE, OF

Molson Coors Beverage Company, transferable on the books of the Corporation by the holder thereof in person or by his duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

CERTIFICATE OF STOCK

MOLSON COORS BEVERAGE COMPANY SEAL DELAWARE

PRESIDENT

E. Lee Reichert

SECRETARY

COUNTERSIGNED AND REGISTERED:
COMPUTERSHARE TRUST COMPANY, N.A.
(CANTON, MA, JERSEY CITY, NJ AND LOUISVILLE, KY)
TRANSFER AGENT AND REGISTRAR

BY: Stephen Cesso

AUTHORIZED SIGNATURE

OR

COUNTERSIGNED:
AST TRUST COMPANY (CANADA)
CO-TRANSFER AGENT
MONTREAL, QUEBEC
TORONTO, ONTARIO

BY:

AUTHORIZED SIGNATURE

AMERICAN BANK NOTE COMPANY

ABnote North America
711 ARMSTRONG LANE, COLUMBIA, TN 38401
(931) 388-3003
SALES: HOLLY GRONER 931-490-7660

PROOF OF: JANUARY 2, 2020
MOLSON COORS BEVERAGE COMPANY
WO - 19000493 FACE OPERATOR: DKS
REV. 1

COLORS SELECTED FOR PRINTING: INTAGLIO PRINTS IN SC-7 DARK BLUE. CERTIFICATE OF STOCK UNDERTINT PRINTS IN PMS 301 BLUE.
PLEASE INITIAL THE APPROPRIATE SELECTION FOR THIS PROOF: ☐ OK AS IS ☐ OK WITH CHANGES ☐ MAKE CHANGES AND SEND ANOTHER PROOF

MOLSON COORS BEVERAGE COMPANY

The corporation will furnish without charge to each stockholder who so requests in writing a full statement of the designations, preferences, limitations and relative rights of each class of stock or series thereof of the corporation and the variations in the relative rights and preferences between the shares of any series of preferred stock, so far as the same have been fixed and determined, and the authority of the board of directors to fix and determine the relative rights and preferences of any series of preferred stock. Such requests may be made to the corporation or the transfer agent.

KEEP THIS CERTIFICATE IN A SAFE PLACE. IF IT IS LOST, STOLEN, OR DESTROYED, A BOND OF INDEMNITY WILL BE REQUIRED AS A CONDITION TO THE ISSUANCE OF A REPLACEMENT CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM — as tenants in common
TEN ENT — as tenants by the entireties
JT TEN — as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT— ____________ (Cust) Custodian ____________ (Minor) under Uniform Gifts to Minors Act ____________ (State)

Additional abbreviations may also be used though not in the above list.

For value received, ____________ *hereby sell, assign and transfer unto*

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

____

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

____

____

____ *Shares*

of the Capital Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint ____

____

Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated, ____________

NOTICE:

THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME(S) AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

X ____
(SIGNATURE)

X ____
(SIGNATURE)

IN THE UNITED STATES, THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.
IN CANADA, THE SIGNATURE(S) MUST BE GUARANTEED BY A CANADIAN SCHEDULE 1 CHARTERED BANK, A MAJOR TRUST COMPANY IN CANADA OR A MEMBER OF ONE OF THE RECOGNIZED MEDALLION PROGRAMS — SECURITIES TRANSFER AGENTS MEDALLION PROGRAM (STAMP), STOCK EXCHANGES MEDALLION PROGRAM (SEMP) OR NEW YORK STOCK EXCHANGE, INC. MEDALLION SIGNATURE PROGRAM (MSP).

SIGNATURE(S) GUARANTEED BY:

ABnote North America **711 ARMSTRONG LANE, COLUMBIA, TN 38401** **(931) 388-3003**	PROOF OF: DECEMBER 26, 2019 **MOLSON COORS BEVERAGE COMPANY** **WO - 19000493 BACK** OPERATOR: DKS
SALES: HOLLY GRONER 931-490-7660	**NEW**

PLEASE INITIAL THE APPROPRIATE SELECTION FOR THIS PROOF: ☐ OK AS IS ☐ OK WITH CHANGES ☐ MAKE CHANGES AND SEND ANOTHER PROOF

CLASS B COMMON STOCK

NUMBER

MCB

CLASS B COMMON STOCK

CUSIP 60871R 20 9

SEE REVERSE FOR CERTAIN DEFINITIONS

MOLSON COORS BEVERAGE COMPANY

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

This certifies that

is the owner of

FULLY PAID AND NONASSESSABLE SHARES OF THE CLASS B COMMON STOCK (NON-VOTING), $0.01 PAR VALUE PER SHARE, OF

Molson Coors Beverage Company, transferable on the books of the Corporation by the holder thereof in person or by his duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.

CERTIFICATE OF STOCK

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

PRESIDENT

SECRETARY

MOLSON COORS BEVERAGE COMPANY SEAL DELAWARE

COUNTERSIGNED AND REGISTERED:
COMPUTERSHARE TRUST COMPANY, N.A.
(CANTON, MA, JERSEY CITY, NJ AND LOUISVILLE, KY)
TRANSFER AGENT AND REGISTRAR

BY:

AUTHORIZED SIGNATURE

OR

COUNTERSIGNED:
AST TRUST COMPANY (CANADA)
CO-TRANSFER AGENT
MONTREAL, QUEBEC
TORONTO, ONTARIO

BY:

AUTHORIZED SIGNATURE

AMERICAN BANK NOTE COMPANY

ABnote North America
711 ARMSTRONG LANE, COLUMBIA, TN 38401
(931) 388-3003
SALES: HOLLY GRONER 931-490-7660

PROOF OF: JANUARY 3, 2020
MOLSON COORS BEVERAGE COMPANY
WO - 19000494 FACE OPERATOR: DKS
REV. 2

COLORS SELECTED FOR PRINTING: INTAGLIO PRINTS IN SC-11A MEDIUM ORANGE. CERTIFICATE OF STOCK UNDERTINT PRINTS IN PMS 144 ORANGE.
PLEASE INITIAL THE APPROPRIATE SELECTION FOR THIS PROOF: ☐OK AS IS ☐OK WITH CHANGES ☐MAKE CHANGES AND SEND ANOTHER PROOF

MOLSON COORS BEVERAGE COMPANY

The corporation will furnish without charge to each stockholder who so requests in writing a full statement of the designations, preferences, limitations and relative rights of each class of stock or series thereof of the corporation and the variations in the relative rights and preferences between the shares of any series of preferred stock, so far as the same have been fixed and determined, and the authority of the board of directors to fix and determine the relative rights and preferences of any series of preferred stock. Such requests may be made to the corporation or the transfer agent.

KEEP THIS CERTIFICATE IN A SAFE PLACE. IF IT IS LOST, STOLEN, OR DESTROYED, A BOND OF INDEMNITY WILL BE REQUIRED AS A CONDITION TO THE ISSUANCE OF A REPLACEMENT CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM — as tenants in common
TEN ENT — as tenants by the entireties
JT TEN — as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT— ________ Custodian ________
(Cust) (Minor)
under Uniform Gifts to Minors
Act ________
(State)

Additional abbreviations may also be used though not in the above list.

For value received, ________ *hereby sell, assign and transfer unto*

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

____

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

____

______________________________ *Shares*

of the Capital Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint ______________________________

Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated, ________

NOTICE:

THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME(S) AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

X ______________________________
(SIGNATURE)

X ______________________________
(SIGNATURE)

IN THE UNITED STATES, THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.
IN CANADA, THE SIGNATURE(S) MUST BE GUARANTEED BY A CANADIAN SCHEDULE 1 CHARTERED BANK, A MAJOR TRUST COMPANY IN CANADA OR A MEMBER OF ONE OF THE RECOGNIZED MEDALLION PROGRAMS — SECURITIES TRANSFER AGENTS MEDALLION PROGRAM (STAMP), STOCK EXCHANGES MEDALLION PROGRAM (SEMP) OR NEW YORK STOCK EXCHANGE, INC. MEDALLION SIGNATURE PROGRAM (MSP).

SIGNATURE(S) GUARANTEED BY:

ABnote North America **711 ARMSTRONG LANE, COLUMBIA, TN 38401** **(931) 388-3003**	PROOF OF: DECEMBER 26, 2019 **MOLSON COORS BEVERAGE COMPANY** **WO - 19000494 BACK** OPERATOR: DKS
SALES: HOLLY GRONER 931-490-7660	**NEW**

PLEASE INITIAL THE APPROPRIATE SELECTION FOR THIS PROOF: ☐OK AS IS ☐OK WITH CHANGES ☐MAKE CHANGES AND SEND ANOTHER PROOF

MOLSON COORS BEVERAGE COMPANY AND SUBSIDIARIES

SUBSIDIARIES OF THE REGISTRANT

The following table lists our significant subsidiaries and the respective jurisdictions of their organization or incorporation as of December 31, 2019. All subsidiaries listed below are included in our consolidated financial statements.

Name	State/province/country of organization or incorporation
Coors Brewing Company d/b/a Molson Coors International	Colorado
CBC Holdco 2 LLC	Colorado
CBC Holdco LLC	Colorado
Newco3, Inc.	Colorado
CBC Holdco 3, Inc.	Colorado
Coors International Holdco 2, ULC	Nova Scotia
Molson Coors International General, ULC	Nova Scotia
Molson Coors International LP	Delaware
Molson Coors Callco ULC	Nova Scotia
Molson Coors Canada Holdco, ULC	Nova Scotia
Molson Coors Canada Inc.	Canada
Molson ULC f/k/a Molson Inc.	British Columbia
Molson Canada 2005	Ontario
3230600 Nova Scotia Company	Nova Scotia
Molson Coors (UK) Holdings LLP	United Kingdom
Molson Coors (Barbados) SRL	Barbados
Golden Acquisition	United Kingdom
Molson Coors Holdings Limited	United Kingdom
Molson Coors Brewing Company (UK) Limited	United Kingdom
Molson Coors Holdco Inc.	Delaware
Molson Coors Europe Holdings B.V.	Netherlands
Molson Coors Netherlands B.V. f/k/a Starbev Netherlands B.V.	Netherlands
Pivovary Staropramen s.r.o. f/k/a Molson Coors Czech s.r.o.	Czech Republic
MillerCoors LLC	Delaware
MillerCoors USA LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-124140, 333-122628, 333-110855, 333-110854, 33-40730, 333-103573, 333-59516, 333-38378, 333-166521 and 333-183243), Form S-3 (No. 333-120776) and Form S-3ASR (No. 333-223427) of Molson Coors Beverage Company of our report dated February 12, 2020 relating to the consolidated financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Denver, Colorado
February 12, 2020

Exhibit 31.1

SECTION 302 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Gavin D. K. Hattersley, certify that:

1. I have reviewed this annual report on Form 10-K of Molson Coors Beverage Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 12, 2020

/s/ GAVIN D.K. HATTERSLEY
Gavin D.K. Hattersley
President & Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

SECTION 302 CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Tracey I. Joubert, certify that:

1. I have reviewed this annual report on Form 10-K of Molson Coors Beverage Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 12, 2020

/s/ TRACEY I. JOUBERT
Tracey I. Joubert
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

**WRITTEN STATEMENT OF CHIEF EXECUTIVE OFFICER
AND CHIEF FINANCIAL OFFICER
FURNISHED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)
AND FOR THE PURPOSE OF COMPLYING WITH RULE 13a-14(b)
OF THE SECURITIES EXCHANGE ACT OF 1934.**

The undersigned, the Chief Executive Officer and the Chief Financial Officer of Molson Coors Beverage Company (the “Company”) respectively, each hereby certifies that to his or her knowledge on the date hereof:

a) the Annual Report on Form 10-K of the Company for the year ended December 31, 2019 filed on the date hereof with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ GAVIN D.K. HATTERSLEY
Gavin D.K. Hattersley
President & Chief Executive Officer
(Principal Executive Officer)
February 12, 2020

/s/ TRACEY I. JOUBERT
Tracey I. Joubert
Chief Financial Officer
(Principal Financial Officer)
February 12, 2020

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.