

## Mexican Brewery Buys Brazil's Kaiser from Molson Coors

Contributed by Newsroom  
Tuesday, 17 January 2006

Fomento Economico Mexicano, S.A. de C.V. (Femsa) announced that its wholly owned subsidiary Femsa Cerveza S.A. de C.V. (Femsa Cerveza) has acquired a controlling stake in Brazil's Cervejarias Kaiser from the Molson Coors Brewing Company.

Femsa Cerveza acquired ownership of 68% of the equity of Kaiser for US\$ 68 million, using cash on hand. Molson Coors retains 15% ownership, and Heineken will maintain its current 17% stake.

Jose Antonio Fernandez, Chairman and CEO of Femsa, commented: "This is a unique opportunity for Femsa Cerveza as the potential of the Brazilian beer market is significant. This is also a challenge as there is much to be done to return the business to a path of profitable growth.

"The success of Coca-Cola Femsa in turning around its São Paulo operations, combined with our expertise in competing in the Mexican beer market for over a century, give us confidence that we will be successful in this endeavor."

Femsa Cerveza will acquire Kaiser subject to existing financial debt, which at closing totaled approximately US\$ 60 million, and certain contingent liabilities and claims. As part of the transaction, Femsa Cerveza has received certain indemnity provisions from Molson Coors.

Given its new shareholder structure, Kaiser will be managed by a seven- member Board of Directors, with Femsa electing five directors, including the Chairman, and Molson Coors and Heineken each electing one director.

Femsa will exercise full management control, while the current Kaiser team will remain in charge of operations, reinforced by Femsa personnel in key areas such as marketing, sales and brewing.

Femsa will now participate in the Brazilian beer market with a focus on returning Kaiser to profitability, leveraging its experience of many years of successful beverage operations in the region.

Femsa is the leading beverage company in Latin America. It controls an integrated beverage platform that comprises Coca-Cola Femsa, the largest Coca- Cola bottler in the region; Femsa Cerveza, one of the leading brewers in Mexico and important beer exporter to the United States; and Oxxo, the largest and fastest-growing convenience store chain in Mexico with approximately 4,000 stores.

### Molson Coors

"Last year, we committed to a strategic review of our Brazilian business. We made good on that commitment, and this transaction is the result," said Leo Kiely, President and CEO of Molson Coors.

"The transaction allows us to focus on our biggest markets and to continue to deliver the cost synergies and other benefits related to the Molson Coors merger. It also represents a winning proposition for Kaiser in Brazil, as it further aligns branding, production, selling and distribution operations." Femsa owns the largest distributor of Kaiser products in Brazil.

Kiely added, "We believe this partnership with Femsa will strengthen Kaiser's overall position in the Brazilian market. By maintaining a minority ownership interest and the possibility of launching Coors Light in Brazil, we expect to continue to participate in the upside we see in the Kaiser business and the Brazilian beer market."

Kaiser financial debt totaled approximately US\$ 60 million at closing. While Molson Coors believes that all significant contingencies have been disclosed as part of the sale process and adequately reserved for on the Kaiser financial statements, resolution of contingencies and claims above reserved or otherwise disclosed amounts could, under some circumstances, result in additional liabilities for Molson Coors because of transaction-related indemnity provisions.

Molson Coors intends to report Kaiser results for the fourth quarter and full year of 2005 as discontinued operations in its financial statements. Following this transaction, Molson Coors intends to report its interest in Kaiser in its financial statements using cost-method accounting.

Molson Coors Brewing Company is the fifth-largest brewer in the world. It sells its products in North America, Europe, Latin America and Asia. Molson Coors is the leading brewer in Canada, the second-largest in the U.K., and the third-largest in the U.S.

The company's brands include Coors Light, Molson Canadian, Molson Dry, Carling, Coors and Keystone.

Femsa - [www.femsa.com](http://www.femsa.com)

Molson Coors Brewing Company - [www.molsoncoors.com](http://www.molsoncoors.com)