MOLSON COORS BREWING CO
Form 10-Q
August 02, 2016
Use these links to rapidly review the document
Table of Contents

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

FORM 10-Q
(Mark One)

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly period ended June 30, 2016

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to ______ .

Commission File Number: 1-14829

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

DELAWARE	84-0178360
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1801 California Street, Suite 4600, Denver, Colorado, USA	80202
1555 Notre Dame Street East, Montréal, Québec, Canada	H2L 2R5
(Address of principal executive offices)	(Zip Code)

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

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 ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of July 28, 2016:
Class A Common Stock— 2,561,901 shares
Class B Common Stock—193,918,501 shares
Exchangeable shares:
As of July 28, 2016, the following number of exchangeable shares were outstanding for Molson Coors Canada, Inc.:
Class A Exchangeable shares—2,887,384 shares

Class B Exchangeable shares—15,407,950 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.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
INDEX

		Page
PART I. FINANCIAL INFORMATION		
Item 1.	Financial Statements (Unaudited)	4
	Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2016, and June 30, 2015	4
	Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2016, and June 30, 2015	5
	Condensed Consolidated Balance Sheets at June 30, 2016, and December 31, 2015	6
	Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2016, and June 30, 2015	7
	Notes to Unaudited Condensed Consolidated Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	44
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	64
Item 4.	Controls and Procedures	65
PART II. OTHER INFORMATION		
Item 1.	Legal Proceedings	65
Item 1A.	Risk Factors	66
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	66
Item 3.	Defaults Upon Senior Securities	66
Item 4.	Mine Safety Disclosures	66
Item 5.	Other Information	66
Item 6.	Exhibits	67

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

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, 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 under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations," and under the heading "Outlook for 2016" therein, relating to the pending acquisition of the remaining 58% economic interest and 50% voting interest in MillerCoors LLC and all trademarks, contracts and other assets primarily related to the Miller brand portfolio outside of the U.S. and Puerto Rico, overall volume trends, consumer preferences, pricing trends, industry forces, cost reduction strategies, anticipated results, anticipated synergies, expectations for funding future capital expenditures and operations, debt service capabilities, shipment levels and profitability, market share and the sufficiency of capital resources. In addition, statements that we make in this report that are not statements of historical fact may also be forward-looking statements. Words such as "expects," "goals," "plans," "believes," "continues," "may," "anticipate," "seek," "estimate," "outlook," "trends," "future benefits," "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 under the heading "Risk Factors," elsewhere throughout this report, and those described from time to time in our past and future reports filed with the Securities and Exchange Commission ("SEC"), including in our Annual Report on Form 10-K for the year ended December 31, 2015. 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 Quarterly Report on Form 10-Q are based on independent industry publications, customers, trade or business organizations, reports by market research firms and other published statistical information from third parties, as well as information based on management's good faith estimates, which we derive from our review of internal information and independent sources. Although we believe these sources to be reliable, we have not independently verified the accuracy or completeness of the information.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Sales	$1,407.0	$1,433.0	$2,357.8	$2,436.2
Excise taxes	(420.8)	(427.3)	(714.4)	(730.5)
Net sales	986.2	1,005.7	1,643.4	1,705.7
Cost of goods sold	(562.2)	(579.9)	(976.2)	(1,034.7)
Gross profit	424.0	425.8	667.2	671.0
Marketing, general and administrative expenses	(313.6)	(283.3)	(564.5)	(523.9)
Special items, net	(34.5)	(33.7)	74.1	(42.3)
Equity income in MillerCoors	191.9	205.5	334.3	334.8
Operating income (loss)	267.8	314.3	511.1	439.6
Interest income (expense), net	(40.5)	(30.6)	(87.8)	(59.8)
Other income (expense), net	(30.4)	6.3	(45.7)	3.7
Income (loss) from continuing operations before income taxes	196.9	290.0	377.6	383.5
Income tax benefit (expense)	(21.2)	(58.4)	(41.8)	(71.2)
Net income (loss) from continuing operations	175.7	231.6	335.8	312.3
Income (loss) from discontinued operations, net of tax	(1.8)	(0.3)	(2.3)	1.6
Net income (loss) including noncontrolling interests	173.9	231.3	333.5	313.9
Net (income) loss attributable to noncontrolling interests	(1.6)	(2.3)	(2.4)	(3.8)
Net income (loss) attributable to Molson Coors Brewing Company	$172.3	$229.0	$331.1	$310.1
Basic net income (loss) attributable to Molson Coors Brewing Company per share:				
From continuing operations	$0.81	$1.23	$1.59	$1.66
From discontinued operations	(0.01)	—	(0.01)	0.01
Basic net income (loss) attributable to Molson Coors Brewing Company per share	$0.80	$1.23	$1.58	$1.67
Diluted net income (loss) attributable to Molson Coors Brewing Company per share:				
From continuing operations	$0.81	$1.23	$1.59	$1.65
From discontinued operations	(0.01)	—	(0.01)	0.01
Diluted net income (loss) attributable to Molson Coors Brewing Company per share	$0.80	$1.23	$1.58	$1.66
Weighted-average shares—basic	214.7	185.7	209.2	185.8
Weighted-average shares—diluted	215.7	186.5	210.2	186.7
Amounts attributable to Molson Coors Brewing Company				
Net income (loss) from continuing operations	$174.1	$229.3	$333.4	$308.5
Income (loss) from discontinued operations, net of tax	(1.8)	(0.3)	(2.3)	1.6
Net income (loss) attributable to Molson Coors Brewing Company	$172.3	$229.0	$331.1	$310.1

See notes to unaudited condensed consolidated financial statements.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(IN MILLIONS)
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Net income (loss) including noncontrolling interests	$173.9	$231.3	$333.5	$313.9
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(153.2)	239.7	113.7	(424.6)
Unrealized gain (loss) on derivative instruments	(6.9)	(10.3)	(26.6)	8.6
Reclassification of derivative (gain) loss to income	(0.7)	(1.6)	(3.1)	(3.0)
Pension and other postretirement benefit adjustments	—	—	—	(1.8)
Amortization of net prior service (benefit) cost and net actuarial (gain) loss to income	7.0	9.3	14.0	18.3
Ownership share of unconsolidated subsidiaries' other comprehensive income (loss)	16.6	(2.5)	21.4	(0.3)
Total other comprehensive income (loss), net of tax	(137.2)	234.6	119.4	(402.8)
Comprehensive income (loss)	36.7	465.9	452.9	(88.9)
Comprehensive (income) loss attributable to noncontrolling interests	(0.4)	(2.3)	(0.8)	(3.8)
Comprehensive income (loss) attributable to Molson Coors Brewing Company	$36.3	$463.6	$452.1	$(92.7)

See notes to unaudited condensed consolidated financial statements.

Table of Contents

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN MILLIONS, EXCEPT PAR VALUE)
(UNAUDITED)

	As of June 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$2,990.3	$ 430.9
Accounts receivable, net	563.1	424.7
Other receivables, net	155.1	101.2
Inventories:		
Finished	188.4	139.1
In process	17.3	13.0
Raw materials	11.1	18.6
Packaging materials	17.4	8.6
Total inventories	234.2	179.3
Other current assets, net	128.0	122.7
Total current assets	4,070.7	1,258.8
Properties, net	1,539.2	1,590.8
Goodwill	1,943.5	1,983.3
Other intangibles, net	4,928.9	4,745.7
Investment in MillerCoors	2,557.1	2,441.0
Deferred tax assets	28.1	20.2
Notes receivable, net	17.4	19.9
Other assets	237.3	216.6
Total assets	$15,322.2	$ 12,276.3
Liabilities and equity		
Current liabilities:		
Accounts payable and other current liabilities	$1,315.6	$ 1,184.4
Current portion of long-term debt and short-term borrowings	347.0	28.7
Discontinued operations	5.0	4.1
Total current liabilities	1,667.6	1,217.2
Long-term debt	2,680.3	2,908.7
Pension and postretirement benefits	209.1	201.9
Deferred tax liabilities	802.5	799.8
Unrecognized tax benefits	14.3	8.4
Other liabilities	63.8	66.9
Discontinued operations	12.7	10.3
Total liabilities	5,450.3	5,213.2
Commitments and contingencies (Note 15)		
Molson Coors Brewing 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: 203.4 shares and 172.5 shares, respectively)	2.0	1.7

Class A exchangeable shares, no par value (issued and outstanding: 2.9 shares and 2.9 shares, respectively)	108.1	108.2
Class B exchangeable shares, no par value (issued and outstanding: 15.4 shares and 16.0 shares, respectively)	580.3	603.0
Paid-in capital	6,556.6	4,000.4
Retained earnings	4,650.6	4,496.0
Accumulated other comprehensive income (loss)	(1,573.9)	(1,694.9)
Class B common stock held in treasury at cost (9.5 shares and 9.5 shares, respectively)	(471.4)	(471.4)
Total Molson Coors Brewing Company stockholders' equity	9,852.3	7,043.0
Noncontrolling interests	19.6	20.1
Total equity	9,871.9	7,063.1
Total liabilities and equity	$15,322.2	$ 12,276.3

See notes to unaudited condensed consolidated financial statements.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN MILLIONS)
(UNAUDITED)

	Six Months Ended	
	June 30, 2016	June 30, 2015
Cash flows from operating activities:		
Net income (loss) including noncontrolling interests	$333.5	$313.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	137.7	158.9
Amortization of debt issuance costs and discounts	35.5	2.6
Share-based compensation	11.5	8.1
(Gain) loss on sale or impairment of properties and other assets, net	(79.8)	(3.5)
Equity income in MillerCoors	(323.2)	(334.8)
Distributions from MillerCoors	323.2	334.8
Equity in net (income) loss of other unconsolidated affiliates	2.4	(1.9)
Excess tax benefits from share-based compensation	(4.4)	(7.6)
Unrealized (gain) loss on foreign currency fluctuations and derivative instruments, net	(5.2)	4.9
Income tax (benefit) expense	41.8	71.2
Income tax (paid) received	(109.1)	(69.0)
Interest expense, excluding interest amortization	95.5	61.0
Interest paid	(95.1)	(59.5)
Pension expense	4.0	7.9
Pension contributions paid	(10.4)	(240.2)
Change in current assets and liabilities (net of impact of business combinations) and other	(95.8)	(47.1)
(Gain) loss from discontinued operations	2.3	(1.6)
Net cash provided by operating activities	264.4	198.1
Cash flows from investing activities:		
Additions to properties	(121.6)	(139.8)
Proceeds from sales of properties and other assets	144.6	7.5
Acquisition of businesses, net of cash acquired	—	(51.1)
Investment in MillerCoors	(810.6)	(758.1)
Return of capital from MillerCoors	731.1	692.9
Other	(4.1)	(9.5)
Net cash used in investing activities	(60.6)	(258.1)
Cash flows from financing activities:		
Proceeds from issuance of common stock, net	2,525.9	—
Exercise of stock options under equity compensation plans	5.4	28.6
Excess tax benefits from share-based compensation	4.4	7.6
Dividends paid	(176.5)	(152.3)
Payments for purchase of treasury stock	—	(50.1)
Debt issuance costs	(15.0)	—
Payments on debt and borrowings	(17.9)	(14.6)
Proceeds on debt and borrowings	31.7	27.9
Net proceeds from (payments on) revolving credit facilities and commercial paper	2.5	67.2
Change in overdraft balances and other	(3.9)	(39.0)
Net cash provided by (used in) financing activities	2,356.6	(124.7)
Cash and cash equivalents:		

Net increase (decrease) in cash and cash equivalents	2,560.4	(184.7)
Effect of foreign exchange rate changes on cash and cash equivalents	(1.0)	(26.1)
Balance at beginning of year	430.9	624.6
Balance at end of period	$2,990.3	$413.8

See notes to unaudited condensed consolidated financial statements.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED 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 Brewing Company ("MCBC" or the "Company"), principally a holding company, and its operating and non-operating subsidiaries included within our reporting segments and Corporate. Our reporting segments include: Molson Coors Canada ("MCC" or Canada segment), operating in Canada; MillerCoors LLC ("MillerCoors" or U.S. segment), which is accounted for by us under the equity method of accounting, operating in the United States ("U.S."); Molson Coors Europe (Europe segment), operating in Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Montenegro, Republic of Ireland, Romania, Serbia, Slovakia and the United Kingdom ("U.K."); and Molson Coors International ("MCI"), operating in various other countries. Unless otherwise indicated, information in this report is presented in U.S. dollars ("USD" or "$") and comparisons are to comparable prior periods. Our primary operating currencies, other than USD, include the Canadian Dollar ("CAD"), the British Pound ("GBP"), and our Central European operating currencies such as the Euro ("EUR"), Czech Koruna ("CZK"), Croatian Kuna ("HRK") and Serbian Dinar ("RSD").

The accompanying unaudited condensed consolidated interim financial statements reflect all adjustments which are necessary for a fair statement of the financial position, results of operations and cash flows for the periods presented in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP"). Such unaudited interim condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations.

These unaudited condensed consolidated interim financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2015 ("Annual Report"), and have been prepared on a consistent basis with the accounting policies described in Note 1 of the Notes to the Audited Consolidated Financial Statements ("Notes") included in our Annual Report. Our accounting policies did not change in the first half of 2016. The results of operations for the three and six months ended June 30, 2016, are not necessarily indicative of the results that may be achieved for the full year.

2. New Accounting Pronouncements

New Accounting Pronouncements Not Yet Adopted

In March 2016, the Financial Accounting Standards Board ("FASB") issued authoritative guidance intended to simplify and improve several aspects of the accounting for share-based payment transactions. The new guidance includes amendments to share-based accounting for income taxes, including adjustments to how excess tax benefits and a company's payments for tax withholdings should be classified in the statement of cash flows. This guidance is effective for annual and interim reporting periods beginning after December 15, 2016, with early adoption permitted. We are currently evaluating the potential impact on our financial position and results of operations upon adoption of this guidance.

In February 2016, the FASB issued authoritative guidance intended to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the new guidance, lessees will be required to recognize a right-of-use asset and a lease liability, measured on a discounted basis, at the commencement date for all leases with terms greater than twelve months. Additionally, this guidance will require disclosures to help investors and other financial statement users to better understand the amount, timing, and uncertainty of cash flows arising from leases, including qualitative and quantitative requirements. The guidance should be applied under a modified retrospective transition approach for leases existing at the beginning of the earliest comparative period presented in the adoption-period financial statements. Any leases that expire before the initial application date will not require any accounting adjustment. This guidance is effective for annual reporting periods beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. We are currently evaluating the potential impact on our financial position and results of operations upon adoption of this guidance.

In July 2015, the FASB issued authoritative guidance intended to simplify the measurement of inventory. The amendment requires entities to measure in-scope inventory at the lower of cost and net realizable value, and replaces the current requirement to measure in-scope inventory at the lower of cost or market, which considers replacement cost, net realizable value, and net realizable value less an approximate normal profit margin. This guidance is effective for annual reporting periods, and interim periods within those annual periods, beginning after December 15, 2016. The amendment should be applied prospectively with early adoption permitted. We are currently evaluating the potential impact on our financial position and results of operations upon adoption of this guidance, but anticipate that such impact would be minimal.

In May 2014, the FASB issued authoritative guidance related to new accounting requirements for the recognition of revenue from contracts with customers. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for the goods or services. Subsequent to the release of this guidance, the FASB has issued additional updates intended to provide interpretive clarifications and to reduce the cost and complexity of applying the new revenue recognition standard both at transition and on an ongoing basis. The new standard and related amendments are effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual periods. Early adoption is permitted for annual reporting periods beginning after December 15, 2016, including interim periods within that annual reporting period. Upon adoption of the new standard, the use of either a full retrospective or cumulative effect transition method is permitted. We have not yet selected a transition method and are currently evaluating the potential impact on our financial position and results of operations upon adoption of this guidance.

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 condensed 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. Our reporting segments consist of Canada, the U.S., Europe and MCI. Corporate is not a segment and primarily includes interest and certain other general and administrative costs that are not allocated to any of the operating segments. No single customer accounted for more than 10% of our consolidated sales for the three and six months ended June 30, 2016, and June 30, 2015, respectively. Net sales represent sales to third-party external customers less excise taxes. Inter-segment transactions impacting sales revenues and income (loss) from continuing operations before income taxes are insignificant (other than those with MillerCoors, see Note 4, "Investments" for additional detail) and eliminated in consolidation.

The following table presents net sales by segment:

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(In millions)			
Canada	$425.9	$444.9	$693.9	$758.4
Europe	522.1	524.8	880.8	882.7
MCI	39.2	37.2	70.2	66.3
Corporate	0.2	0.1	0.6	0.5
Eliminations[1]	(1.2)	(1.3)	(2.1)	(2.2)
Consolidated	$986.2	$1,005.7	$1,643.4	$1,705.7

[1] Represents inter-segment sales from the Europe segment to the MCI segment.

The following table presents income (loss) from continuing operations before income taxes by segment:

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(In millions)			
Canada	$88.5	$106.1	$235.1	$137.0
U.S.	191.9	205.5	334.3	334.8
Europe	59.0	49.0	57.8	44.9
MCI	(33.4)	(12.2)	(35.7)	(17.6)

Corporate	(109.1)	(58.4)	(213.9)	(115.6)
Consolidated	$196.9	$290.0	$377.6	$383.5

Income (loss) from continuing operations before income taxes includes the impact of special items. Refer to Note 6, "Special Items" for further discussion. Additionally, various costs associated with the pending Acquisition as defined in Note 4, "Investments" and its related financing have been recorded within our Corporate segment for the three and six months ended

June 30, 2016, including $19.6 million and $34.5 million, respectively, of transaction related fees recorded within marketing, general & administrative expenses, $31.8 million and $50.2 million, respectively, of derivative losses and financing costs related to our bridge loan within other income (expense), and $13.3 million and $33.7 million, respectively, of financing costs related to our term loan, losses on our swaptions that settled during the second quarter of 2016, and interest income related to our fixed rate deposit and money market accounts within, interest income (expense) net.

The following table presents total assets by segment:

	As of	
	June 30, 2016	December 31, 2015
	(In millions)	
Canada	$4,942.1	$ 4,560.6
U.S.	2,557.1	2,441.0
Europe	4,784.5	4,807.5
MCI[1]	118.0	133.7
Corporate[2]	2,920.5	333.5
Consolidated	$15,322.2	$ 12,276.3

[1] Reflects the impact from the impairment recorded in the second quarter of 2016 related to the enactment of total alcohol prohibition in the state of Bihar, India. See Note 10, "Goodwill and Intangible Assets" for further details.

[2] On February 3, 2016, we received proceeds of $2.5 billion, net of issuance costs, from our equity offering of 29.9 million shares of our Class B common stock. See Note 16, "Pending Acquisition" for further discussion.

4. Investments

Our investments include both equity method and consolidated investments. Those entities identified as variable interest entities ("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, consolidate these entities. None of our consolidated VIEs held debt as of June 30, 2016, or December 31, 2015. We have not provided any financial support to any of our VIEs during the year 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.

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. As of June 30, 2016, and December 31, 2015, our consolidated VIEs are Cobra Beer Partnership, Ltd. ("Cobra U.K.") and Grolsch U.K. Ltd. ("Grolsch"). Our unconsolidated VIEs are Brewers Retail Inc. ("BRI") and Brewers' Distributor Ltd. ("BDL").

In June 2016, our equity method investment, BRI, and Canadian Imperial Bank of Commerce (“CIBC”) entered into an agreement to extend the term of BRI's CAD 150 million revolving credit facility for an additional year. The extended agreement matures in June 2017, with one-year renewal options subject to approval by CIBC. MCBC, along with two additional shareholders of BRI, each guarantee BRI’s obligations under the facility, with our proportionate share of the guarantee totaling 45.9%. As a result of this guarantee, we have a current liability of $18.8 million and $16.9 million as of June 30, 2016, and December 31, 2015, respectively. The carrying value of the guarantee equals its 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 equity method investment within the unaudited condensed consolidated balance sheets. The guarantee liability was calculated based on our proportionate 45.9% share of BRI’s total revolving credit facility outstanding balance at June 30, 2016. The resulting change in our equity method investment during the year due to movements in the guarantee represents a non-cash investing activity.

In 2015, we, along with the other owners of BRI and the Province of Ontario, agreed to revise the ownership structure of BRI. The new BRI shareholder agreement (“New Shareholder Agreement”) incorporating these changes became effective at the beginning of 2016, at which time BRI converted all existing capital stock into a new share class, as well as created a separate share class to facilitate new and existing brewer participation and governance. While governance and board of director participation continues to have the ability to fluctuate based on market share relative to the other owners, our equity interest has become fixed under the New Shareholder Agreement. We have evaluated the changes within the New Shareholder Agreement from a primary beneficiary perspective and concluded that we will continue to account for BRI as an equity method investment, as control of BRI continues to be shared under the New Shareholder Agreement.

Equity Investments

Investment in MillerCoors

On November 11, 2015, we entered into a purchase agreement with Anheuser-Busch InBev SA/NV to acquire all of SABMiller plc's (“SABMiller”) 58% economic interest and 50% voting interest in MillerCoors and all trademarks, contracts and other assets primarily related to the Miller brand portfolio outside of the U.S. and Puerto Rico as described in the Purchase Agreement (the "Acquisition"). Following the closing of the pending Acquisition, we will own 100% of the outstanding equity and voting interests of MillerCoors. See further details regarding the pending Acquisition in Note 16, "Pending Acquisition".

Summarized financial information for MillerCoors is as follows:

Condensed Balance Sheets

	As of	
	June 30, 2016	December 31, 2015
	(In millions)	
Current assets	$966.3	$ 800.5
Non-current assets	9,014.4	9,099.5
Total assets	$9,980.7	$ 9,900.0
Current liabilities	$1,118.4	$ 1,180.1
Non-current liabilities	1,278.5	1,407.0
Total liabilities	2,396.9	2,587.1
Noncontrolling interests	19.7	20.1
Owners' equity	7,564.1	7,292.8
Total liabilities and equity	$9,980.7	$ 9,900.0

The following represents our proportionate share in MillerCoors' equity and reconciliation to our investment in MillerCoors:

	As of	
	June 30, 2016	December 31, 2015
	(In millions, except percentages)	
MillerCoors owners' equity	$7,564.1	$ 7,292.8
MCBC economic interest	42 %	42 %
MCBC proportionate share in MillerCoors equity	3,176.9	3,063.0
Difference between MCBC contributed cost basis and proportionate share of the underlying equity in net assets of MillerCoors[1]	(654.8)	(657.0)
Accounting policy elections	35.0	35.0
Investment in MillerCoors	$2,557.1	$ 2,441.0

[1] Our net investment in MillerCoors is based on the carrying values of the net assets contributed to the joint venture which is less than our proportionate share of underlying equity (42%) of MillerCoors (contributed by both Coors Brewing Company and Miller Brewing Company ("Miller")). This basis difference, with the exception of certain non-amortizing items (goodwill, land, etc.), is being amortized as additional equity income over the remaining useful lives of the contributed long-lived amortizing assets.

Results of Operations

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(In millions)			
Net sales	$2,126.7	$2,202.7	$3,942.8	$3,977.3
Cost of goods sold	(1,174.5)	(1,240.5)	(2,207.5)	(2,316.7)
Gross profit	$952.2	$962.2	$1,735.3	$1,660.6
Operating income[1]	$435.7	$493.4	$772.2	$802.7
Net income attributable to MillerCoors[1]	$429.5	$487.2	$764.8	$791.8

[1] Results include special charges related to the planned closure of the Eden, North Carolina, brewery of $39.4 million and $76.3 million for the three and six months ended June 30, 2016, respectively, including $33.0 million and $68.9 million of accelerated depreciation in excess of normal depreciation associated with the brewery, and $6.4 million and $7.4 million of other charges, respectively.

The following represents our proportionate share in net income attributable to MillerCoors reported under the equity method of accounting:

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(In millions, except percentages)			
Net income attributable to MillerCoors	$429.5	$487.2	$764.8	$791.8
MCBC economic interest	42 %	42 %	42 %	42 %
MCBC proportionate share of MillerCoors net income	180.4	204.6	321.2	332.6
Amortization of the difference between MCBC contributed cost basis and proportionate share of the underlying equity in net assets of MillerCoors	1.1	1.3	2.2	2.4
Share-based compensation adjustment[1]	(0.7)	(0.4)	(0.2)	(0.2)
U.S. import tax benefit[2]	11.1	—	11.1	—
Equity income in MillerCoors	$191.9	$205.5	$334.3	$334.8

[1] The net adjustment is to eliminate all share-based compensation impacts related to pre-existing SABMiller plc equity awards held by former Miller employees employed by MillerCoors, as well as to add back all share-based compensation impacts related to pre-existing MCBC equity awards held by former MCBC employees who transferred to MillerCoors.

[2] Represents an $11.1 million benefit associated with an anticipated refund to Coors Brewing Company ("CBC"), a wholly-owned subsidiary of Molson Coors, of U.S. federal excise tax paid on products imported by CBC based on qualifying volumes exported by CBC from the U.S. Due to administrative restrictions outlined within the legislation enacted in 2016, the anticipated refund is not expected to be received until 2018. Accordingly, the anticipated refund amount represents a non-current receivable which has been recorded within other non-current assets on the unaudited condensed consolidated balance sheet as of June 30, 2016.

The following table summarizes our transactions with MillerCoors:

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(In millions)			
Beer sales to MillerCoors	$2.6	$ 3.2	$4.6	$ 6.0
Beer purchases from MillerCoors	$12.2	$ 10.2	$22.1	$ 19.3
Service agreement costs and other charges to MillerCoors	$0.6	$ 0.7	$1.3	$ 1.3
Service agreement costs and other charges from MillerCoors	$0.1	$ 0.2	$0.2	$ 0.6

As of June 30, 2016, and December 31, 2015, we had $9.0 million and $7.6 million of net payables due to MillerCoors, respectively.

Consolidated VIEs

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

	As of			
	June 30, 2016		December 31, 2015	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
	(In millions)			
Grolsch	$5.5	$ 0.1	$ 6.9	$ 3.3
Cobra U.K.	$17.1	$ 0.5	$ 30.2	$ 0.9

5. Share-Based Payments

We have one incentive compensation plan, the MCBC Incentive Compensation Plan (the "Incentive Compensation Plan"), and all outstanding equity awards were issued under the Incentive Compensation Plan. During the six months ended June 30, 2016, and June 30, 2015, we recognized share-based compensation expense related to the following Class B common stock awards to certain directors, officers and other eligible employees, pursuant to the Incentive Compensation Plan: restricted stock units ("RSUs"), deferred stock units ("DSUs"), performance share units ("PSUs") and stock options. Additionally, we recognized share-based compensation expense related to performance units ("PUs") during the six months ended June 30, 2015. These awards fully vested in the first quarter of 2015 and no further PUs have since been issued. The settlement amount of the PSUs is determined based on market and performance metrics, which include our total shareholder return performance relative to the S&P 500 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 using a Monte Carlo model, which will remain constant throughout the vesting period of three years, and a performance multiplier, which will vary due to changing estimates of the performance metric condition.

The following table summarizes share-based compensation expense and includes share-based compensation related to pre-existing MCBC equity awards held by former MCBC employees that have transferred to MillerCoors:

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(In millions)			
Pretax compensation expense	$6.4	$ 4.9	$13.1	$ 8.1
Tax benefit	(1.9)	(1.3)	(3.8)	(2.1)
After-tax compensation expense	$4.5	$ 3.6	$9.3	$ 6.0

The increase in expense in the first half of 2016 was primarily driven by performance metrics increasing the fair value of our PSUs.

As of June 30, 2016, there was $45.0 million of total unrecognized compensation expense from all share-based compensation arrangements granted under the Incentive Compensation Plan, related to unvested awards. This compensation expense is expected to be recognized over a weighted-average period of 2.0 years.

The following table represents non-vested RSUs, DSUs and PSUs as of June 30, 2016, and the activity during the six months ended June 30, 2016:

	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, 2015	0.6	$56.23	0.5	$57.01
Granted	0.2	$89.62	0.1	$90.49
Vested	(0.2)	$44.04	(0.2)	$43.10
Forfeited	(0.1)	$60.51	—	$—
Non-vested as of June 30, 2016	0.5	$71.54	0.4	$72.68

The weighted-average fair value per unit for the non-vested PSUs is $95.77 as of June 30, 2016.

The following table represents the summary of stock options and stock-only stock appreciation rights ("SOSARs") outstanding as of June 30, 2016, and the activity during the six months ended June 30, 2016:

	Shares outstanding	Weighted-average exercise price per share	Weighted-average remaining contractual life (years)	Aggregate intrinsic value
	(In millions, except per share amounts and years)			
Outstanding as of December 31, 2015	1.3	$49.49	4.8	$ 58.0
Granted	0.1	$92.04		
Exercised	(0.2)	$45.44		
Forfeited	—	$—		
Outstanding as of June 30, 2016	1.2	$55.36	5.2	$ 56.3
Exercisable at June 30, 2016	1.0	$47.81	4.1	$ 51.4

The total intrinsic values of stock options exercised during the six months ended June 30, 2016, and June 30, 2015, were $9.9 million and $25.7 million, respectively. During the six months ended June 30, 2016, and June 30, 2015, cash received from stock option exercises was $5.4 million and $28.6 million, respectively, and the total excess tax benefit from these stock option exercises and other awards was $4.4 million and $7.6 million, respectively.

The fair value of each option granted in the first half of 2016 and 2015 was determined on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Six Months Ended	
	June 30, 2016	June 30, 2015
Risk-free interest rate	1.40%	1.70%
Dividend yield	1.81%	2.20%
Volatility range	23.16%-24.64%	21.65%-29.90%
Weighted-average volatility	23.53%	23.71%
Expected term (years)	5.2	5.7
Weighted-average fair market value	$16.65	$13.98

The risk-free interest rates utilized for periods throughout the contractual life of the stock options are based on a zero-coupon U.S. 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 the first half of 2016 and 2015 was determined on the date of grant using a Monte Carlo model to simulate total shareholder return for MCBC and peer companies with the following weighted-average assumptions:

	Six Months Ended	
	June 30, 2016	June 30, 2015
Risk-free interest rate	1.04%	1.06%
Dividend yield	1.81%	2.20%
Volatility range	14.10%-77.11%	12.73%-62.28%
Weighted-average volatility	23.68%	21.53%
Expected term (years)	2.8	2.8
Weighted-average fair market value	$90.49	$74.42

The risk-free interest rates utilized for periods throughout the expected term of the PSUs are based on a zero-coupon U.S. 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.

As of June 30, 2016, there were 6.4 million shares of the Company's Class B common stock available for issuance as awards under the Incentive Compensation Plan.

6. 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. The table below summarizes special items recorded by segment:

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(In millions)			
Employee-related restructuring charges				
Europe	$(0.2)	$ 0.2	$(1.8)	$ (1.0)
MCI[1]	—	3.2	—	3.2
Impairments or asset abandonment charges				
Canada - Asset abandonment[2]	1.4	8.2	2.5	8.2
Europe - Asset abandonment[3]	2.5	9.3	4.8	21.1
MCI - Asset write-off and impairment[1]	30.8	3.2	30.8	3.2
Unusual or infrequent items				
Europe - Flood loss (insurance reimbursement), net	—	(0.4)	—	(2.4)
Other (gains) losses				
Canada - Gain on sale of asset[2]	—	—	(110.4)	—
Europe - Termination fee expense, net[4]	—	10.0	—	10.0
Total Special items, net	$34.5	$ 33.7	$(74.1)	$ 42.3

(1) Based on an interim impairment assessment performed during the second quarter of 2016, which was triggered by the enactment of total alcohol prohibition in the state of Bihar, India on April 5, 2016, we recorded an impairment loss in the second quarter of 2016. See Note 10, "Goodwill and Intangible Assets" for additional details.

During the second quarter of 2015, we announced our decision to substantially restructure our business in China and consequently, recognized employee-related charges and asset write-off charges, including $0.7 million of accelerated depreciation for the three and six months ended June 30, 2015.

(2) As a result of the ongoing strategic review of our Canadian supply chain network, in October 2015, we entered into an agreement to sell our Vancouver brewery for CAD 185.0 million, with the intent to use the proceeds from the

sale to help

fund the construction of an efficient and flexible brewery in British Columbia. The sale was fully completed on March 31, 2016, resulting in a $110.4 million gain, which was recorded as a special item in the first quarter of 2016. The net cash proceeds of CAD 183.1 million ($140.8 million), which remained in trust following the completion of the sale, were received on April 1, 2016, and are reflected as a cash inflow from investing activities on the unaudited condensed consolidated statement of cash flows for the six months ended June 30, 2016.

Further, in conjunction with the Vancouver brewery sale, we agreed to leaseback the existing property to continue operations on an uninterrupted basis, while the new brewery is being constructed, for a cost of approximately CAD 5 million per annum. During the three and six months ended June 30, 2016, we also incurred other abandonment charges, including accelerated depreciation charges in excess of normal depreciation of $1.3 million and $2.4 million, respectively, related to equipment that continues to be owned by the Company and utilized during the leaseback period to support ongoing operations. We currently plan to dispose of this equipment following the brewery closure. We expect to incur additional special charges, including estimated accelerated depreciation charges of approximately CAD 16 million, through final closure of the brewery, which is currently anticipated to occur at the end of 2018. We have evaluated this transaction pursuant to the accounting guidance for sale-leaseback transactions, and concluded that the relevant criteria had been met for full gain recognition.

Separately, during the three and six months ended June 30, 2015, we incurred special charges related to the closure of a bottling line within our Toronto brewery as part of an ongoing strategic review of our Canadian supply chain network, including accelerated depreciation of $7.9 million for the three and six months ended June 30, 2015.

(3) As part of our continued strategic review of our European supply chain network, for the three and six months ended June 30, 2016, we incurred special charges associated with the closure of our Burton South, Plovdiv and Alton breweries, including $2.0 million and $3.9 million, respectively, of accelerated depreciation charges in excess of our normal depreciation associated with the Burton South brewery. For the three and six months ended June 30, 2015, we incurred $8.0 million and $19.8 million, respectively, of accelerated depreciation in excess of our normal depreciation in addition to other costs incurred associated with the closure of the Alton brewery.

We expect to incur additional future accelerated depreciation in excess of our normal depreciation of approximately GBP 7 million related to the Burton South brewery through the third quarter of 2017. We do not expect to incur future accelerated depreciation on the Alton and Plovdiv breweries. We may recognize other charges or benefits related to these brewery closures, which cannot currently be estimated and will be recorded within special items.

(4) In December 2013, we entered into an agreement with Heineken to early terminate our contract brewing and kegging agreement with Heineken under which we produced and packaged the Foster's and Kronenbourg brands in the U.K. As a result of the termination, Heineken agreed to pay us an aggregate early termination payment of GBP 13.0 million, of which we received GBP 5.0 million in 2014 and the remaining GBP 8.0 million on April 30, 2015. The full amount of the termination payment received ($19.4 million upon recognition) is included as income within special items for the three and six months ended June 30, 2015.

Separately, in June 2015, we terminated our agreement with Carlsberg whereby it held the exclusive distribution rights for the Staropramen brand in the U.K. As a result of this termination, we agreed to pay Carlsberg an early termination payment of GBP 19.0 million ($29.4 million at payment date), which was recognized as a special charge during the second quarter of 2015. The transition period concluded on December 27, 2015, and we now have the exclusive distribution rights of the Staropramen brand in the U.K.

Restructuring Activities

We have continued our ongoing assessment of our supply chain strategies across our segments in order to align with our cost saving objectives. As part of this strategic review, which began in 2014, we have started closing certain breweries including the Alton and Plovdiv breweries and the planned closures of the Vancouver and Burton South breweries. As a result of these restructuring activities, we have reduced employment levels by approximately 380 employees, of which approximately 308 and 72 relate to 2015 and 2014 restructuring programs, respectively. Consequently, we recognized severance and other employee-related charges, which we have recorded as special items within our unaudited condensed consolidated statements of operations. We will continue to evaluate our supply chain network and seek opportunities for further efficiencies and cost savings, and we therefore may incur additional restructuring related charges in the future.

The accrued restructuring balances represent expected future cash payments required to satisfy the remaining severance obligations to terminated employees, the majority of which we expect to be paid in the next 12 to 30 months. The table below summarizes the activity in the restructuring accruals by segment:

	Canada	Europe	MCI	Corporate	Total
	(In millions)				
Total at December 31, 2015	$2.3	$ 5.6	$1.3	$ —	$9.2
Payments made	(0.1)	(0.6)	(1.3)	—	(2.0)
Changes in estimates	—	(1.8)	—	—	(1.8)
Foreign currency and other adjustments	0.1	(0.4)	—	—	(0.3)
Total at June 30, 2016	$2.3	$ 2.8	$—	$ —	$5.1

	Canada	Europe	MCI	Corporate	Total
	(In millions)				
Total at December 31, 2014	$3.8	$11.5	$—	$ 0.2	$15.5
Charges incurred	—	0.2	3.2	—	3.4
Payments made	(2.1)	(5.7)	—	(0.2)	(8.0)
Changes in estimates	—	(1.2)	—	—	(1.2)
Foreign currency and other adjustments	(0.2)	(0.2)	—	—	(0.4)
Total at June 30, 2015	$1.5	$4.6	$3.2	$ —	$9.3

7. Other Income and Expense

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(In millions)			
Bridge loan commitment fees[(1)]	$(20.2)	$ —	$(38.6)	$ —
Gain on sale of non-operating asset	—	3.3	—	3.3
Gain (loss) from other foreign exchange and derivative activity, net[(2)]	(10.6)	2.7	(6.9)	0.1
Other, net	0.4	0.3	(0.2)	0.3
Other income (expense), net	$(30.4)	$ 6.3	$(45.7)	$ 3.7

[(1)] During the first half of 2016, we recognized amortization of commitment fees and other financing costs incurred in connection with our bridge loan agreement entered into subsequent to the announcement of the pending Acquisition of MillerCoors. In conjunction with the July 7, 2016, issuance of the 2016 Notes, as defined in Note 11, "Debt", we terminated the bridge loan agreement and accelerated the remaining unamortized fees of approximately $24 million associated with the bridge loan to other income (expense) during the third quarter of 2016. All related financing fees ceased upon termination of the bridge loan. See Note 11, "Debt" for further discussion.

[(2)] During the three and six months ended June 30, 2016, we recorded unrealized losses of approximately $11.6 million related to the foreign currency forwards we entered into in the second quarter of 2016, in connection with our July 7, 2016, debt issuance as discussed within Note 11, "Debt". See Note 13, "Derivative Instruments and Hedging Activities" for further details regarding these foreign currency forwards.

8. Income Tax

Our effective tax rates for the second quarter of 2016 and 2015 were approximately 11% and 20%, respectively. For the first half of 2016 and 2015, our effective tax rates were approximately 11% and 19%, respectively. Our effective tax rates were significantly lower than the federal statutory rate of 35% primarily due to lower effective income tax rates applicable to our foreign businesses, driven by lower statutory income tax rates and tax planning impacts on statutory taxable income, as well as the impact of discrete items. The decrease in the effective tax rate during the second quarter and first half of 2016 versus 2015, is primarily driven by tax benefits recognized from transaction-related costs resulting from the pending Acquisition, favorable tax treatment associated with the sale of the Vancouver brewery, as well as higher net discrete tax benefits in 2016. Specifically, our total net discrete tax benefit was $6.5 million and $8.3 million in the second quarter and first half of 2016, respectively, versus a $0.2 million net discrete tax expense and a $4.3 million net discrete tax benefit recognized in the second quarter and first half of 2015, respectively. The net discrete tax benefit recognized in 2016 was primarily due to the release of certain valuation allowances.

Our tax rate is volatile and may move up or down with changes in, among other things, the amount and source of income or loss, our ability to utilize foreign tax credits, changes in tax laws and the movement of liabilities established for uncertain tax positions as statutes of limitations expire or positions are otherwise effectively settled. There are proposed or pending tax law changes in various jurisdictions that, if enacted, may have an impact on our effective tax rate.

9. Earnings Per Share ("EPS")

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, PUs, PSUs, stock options and SOSARs. The dilutive effects of our potentially dilutive securities are calculated using the treasury stock method. The following summarizes the effect of dilutive securities on diluted EPS:

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(In millions, except per share amounts)			
Amounts attributable to Molson Coors Brewing Company:				
Net income (loss) from continuing operations	$174.1	$229.3	$333.4	$308.5
Income (loss) from discontinued operations, net of tax	(1.8)	(0.3)	(2.3)	1.6
Net income (loss) attributable to Molson Coors Brewing Company	$172.3	$229.0	$331.1	$310.1
Weighted-average shares for basic EPS	214.7	185.7	209.2	185.8
Effect of dilutive securities:				
RSUs, DSUs, PUs and PSUs	0.6	0.4	0.6	0.4
Stock options and SOSARs	0.4	0.4	0.4	0.5
Weighted-average shares for diluted EPS	215.7	186.5	210.2	186.7
Basic net income (loss) attributable to Molson Coors Brewing Company per share[1]:				
From continuing operations	$0.81	$1.23	$1.59	$1.66
From discontinued operations	(0.01)	—	(0.01)	0.01
Basic net income (loss) attributable to Molson Coors Brewing Company per share	$0.80	$1.23	$1.58	$1.67
Diluted net income (loss) attributable to Molson Coors Brewing Company per share[1]:				
From continuing operations	$0.81	$1.23	$1.59	$1.65
From discontinued operations	(0.01)	—	(0.01)	0.01
Diluted net income (loss) attributable to Molson Coors Brewing Company per share	$0.80	$1.23	$1.58	$1.66
Dividends declared and paid per share	$0.41	$0.41	$0.82	$0.82

[1] 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 period for each reporting period presented. 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.

The following anti-dilutive securities were excluded from the computation of the effect of dilutive securities on diluted EPS:

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(In millions)			
RSUs, stock options and SOSARs	—	0.1	—	0.1

Class B Common Stock Equity Issuance

On February 3, 2016, we completed an underwritten public offering of our Class B common stock, which increased the number of Class B common shares issued and outstanding by 29.9 million shares. See Note 16, "Pending Acquisition" for further details.

Share Repurchase Program

In February 2015, we announced that our board of directors approved and authorized a new program to repurchase up to $1.0 billion of our Class A and Class B common stock. During the last three quarters of 2015, we purchased approximately 2 million shares of our Class B common stock under three separate share repurchase agreements ("ASRs") for an aggregate of approximately $150 million. We reflected each ASR as a repurchase of common stock in the period delivered for purposes of calculating earnings per share and as forward contracts indexed to our own common stock. Each ASR met all of the applicable criteria for equity classification, and therefore, was not accounted for as a derivative instrument. As a result of the pending Acquisition, we suspended the share repurchase program and thus, there have been no shares of Class A or Class B common stock repurchased in 2016.

10. Goodwill and Intangible Assets

The following summarizes the change in goodwill for the six months ended June 30, 2016:

	Canada	Europe	MCI	Consolidated
	(In millions)			
Balance at December 31, 2015	$551.4	$1,408.7	$23.2	$ 1,983.3
Business acquisition and disposition[1]	—	—	(0.6)	(0.6)
Impairment related to India reporting unit[2]	—	—	(15.7)	(15.7)
Foreign currency translation	39.0	(62.1)	(0.4)	(23.5)
Balance at June 30, 2016	$590.4	$1,346.6	$6.5	$ 1,943.5

(1) The goodwill adjustment for the six months ended June 30, 2016, reflects the final purchase price accounting adjustment associated with the April 1, 2015, acquisition of Mount Shivalik Breweries Ltd. ("Mount Shivalik"), a regional brewer in India.

(2) The MCI goodwill impairment loss for the six months ended June 30, 2016, resulted from an interim goodwill impairment assessment for the India reporting unit performed during the second quarter of 2016, triggered by the enactment of total alcohol prohibition in the state of Bihar, India on April 5, 2016.

The following table presents details of our intangible assets, other than goodwill, as of June 30, 2016:

	Useful life	Gross	Accumulated amortization	Net
	(Years)	(In millions)		
Intangible assets subject to amortization:				
Brands	3 - 50	$1,138.0	$ (244.0)	$894.0
License agreements and distribution rights	3 - 28	133.2	(91.2)	42.0
Other	2 - 8	26.3	(25.5)	0.8
Intangible assets not subject to amortization:				
Brands	Indefinite	3,191.9	—	3,191.9
Distribution networks	Indefinite	782.7	—	782.7
Other	Indefinite	17.5	—	17.5
Total		$5,289.6	$ (360.7)	$4,928.9

The following table presents details of our intangible assets, other than goodwill, as of December 31, 2015:

	Useful life	Gross	Accumulated amortization	Net
	(Years)	(In millions)		
Intangible assets subject to amortization:				
Brands	3 - 50	$1,121.8	$ (226.1)	$895.7
License agreements and distribution rights	3 - 28	135.1	(87.1)	48.0
Other	2 - 8	29.9	(28.6)	1.3
Intangible assets not subject to amortization:				
Brands	Indefinite	3,052.2	—	3,052.2
Distribution networks	Indefinite	731.0	—	731.0
Other	Indefinite	17.5	—	17.5
Total		$5,087.5	$ (341.8)	$4,745.7

The changes in the gross carrying amounts of intangibles from December 31, 2015, to June 30, 2016, are primarily driven by the impact of foreign exchange rates, as a significant amount of intangibles are denominated in foreign currencies, as well as the definite-lived brand intangible asset impairments and the associated write-off of the gross value and accumulated amortization recorded related to certain India brands in the second quarter of 2016 as discussed below.

Based on foreign exchange rates as of June 30, 2016, the estimated future amortization expense of intangible assets is as follows:

Fiscal year	Amount
	(In millions)
2016 - remaining	$ 20.0
2017	$ 29.4
2018	$ 27.9
2019	$ 27.9
2020	$ 27.7

Amortization expense of intangible assets was $10.1 million and $5.9 million for the three months ended June 30, 2016, and June 30, 2015, respectively, and $19.7 million and $13.7 million for the six months ended June 30, 2016, and June 30, 2015, respectively. This expense is presented within marketing, general and administrative expenses on the unaudited condensed consolidated statements of operations.

We completed our required annual goodwill and indefinite-lived intangible impairment testing as of October 1, 2015, the first day of our fourth quarter, and concluded there were no impairments of goodwill within our Europe, Canada or India reporting units or impairments of our indefinite-lived intangible assets. As further discussed below, we identified a triggering

event in our India reporting unit in April 2016, and as a result, completed an interim impairment assessment which resulted in an impairment loss recognized in the second quarter of 2016.

Reporting Units and Goodwill

The operations in each of the specific regions within our Canada, Europe and MCI 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 Canada and Europe segments each meet the criteria as having similar economic characteristics and therefore have aggregated these components into the Canada and Europe reporting units, respectively. Additionally, we determined that the components within our MCI 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.

Our 2015 annual goodwill impairment testing determined that while our Canada reporting unit improved from the prior year, our Europe reporting unit declined and was determined to be at risk of failing step one of the goodwill impairment test. Specifically, the fair value of the Europe and Canada reporting units were estimated at approximately 9% and 20% in excess of carrying value, respectively, as of the October 1, 2015, testing date. The fair value of the India reporting unit was deemed to approximate the carrying value of the reporting unit due to purchase price accounting performed as of April 1, 2015, for the Mount Shivalik acquisition, which comprised the majority of the India reporting unit. In April 2016, the enactment of total alcohol prohibition in Bihar, India, triggered an interim impairment assessment for the goodwill of the India reporting unit. Refer to the India Triggering Event and Interim Impairment Assessment section below for the details regarding the interim assessment and the associated impairment charge.

Indefinite-Lived Intangibles

Our Molson core brands intangible asset continues to be at risk of future impairment with a fair value estimated at approximately 3% in excess of its carrying value as of the impairment testing date of October 1, 2015. The fair value of the Molson core brands continues to face significant competitive pressures and challenging macroeconomic conditions in the Canada market. These challenges continue to be offset by anticipated cost savings initiatives and supply chain optimization, including the monetization and optimization of our Vancouver brewery location. As of June 30, 2016, the Molson core brands intangible had a carrying value of $2,349.0 million. The value of our other indefinite-lived intangibles continued to be sufficiently in excess of their carrying values as of the October 1, 2015, testing date.

We utilized Level 3 fair value measurements in our impairment analysis of our indefinite-lived intangible assets, which utilizes an excess earnings approach to determine the fair values of the 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.

Key Assumptions

The Europe reporting unit goodwill and the Molson core brands intangible asset are at risk of future impairment in the event of significant unfavorable changes in the forecasted cash flows (including prolonged, or further weakening of, adverse 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, management's best estimates of the expected future results are the primary driver in determining the fair value. Current projections used for our Europe reporting unit testing reflect continued challenging environments in the future followed by growth resulting from a longer-term recovery of the macroeconomic environment, as well as the benefit of anticipated cost savings and specific brand-building and innovation activities. Our Molson core brands projections also reflect a continued challenging environment that has been adversely impacted by a weak economy across all industries, as well as weakened consumer demand driven by increased competitive pressures, partially offset by anticipated cost savings and specific brand-building and innovation activities. 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 intangibles 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 or worsening of the overall European economy), (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 other 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.

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

Definite-Lived Intangibles

Regarding definite-lived intangibles, we continuously monitor the performance of the underlying asset for potential triggering events suggesting an impairment review should be performed. Excluding the definite-lived intangible asset impairment charge associated with the triggering event which occurred in Bihar, India further discussed below, no such triggering events were identified in the first half of 2016.

India Triggering Event and Interim Impairment Assessment

In the fourth quarter of 2015, a newly elected government in the state of Bihar, India announced plans to ban the sale of "country" liquor and to limit the sale of other forms of alcohol, such as beer, to certain government owned outlets, effective April 1, 2016. On April 5, 2016, four days after the start of the ban on "country" liquor, the government of the state of Bihar announced immediate changes to the ban, implementing a complete prohibition of the sale and consumption of all forms of alcohol. Due to this triggering event, and as the expected length of the prohibition is unclear and currently is expected to remain in effect for the foreseeable future, we have performed an interim impairment assessment for the impacted tangible assets, intangible assets and the India reporting unit goodwill. Specifically, upon identification of the triggering event we completed step one of the goodwill impairment test comparing the fair value of the India reporting unit to its carrying value using a combination of discounted cash flow analyses and market approaches, which resulted in the need to complete step two. Upon completion of step two, we recorded an impairment of tangible assets of $11.0 million and impairment of goodwill and definite-lived intangibles of $19.8 million within special items. The remaining goodwill attributable to the India reporting unit of $6.5 million, based on foreign exchange rates at June 30, 2016, is associated with cash flows in other states in India, where alcohol sales are not prohibited. In addition, if the facts or circumstances associated with the expected collectibility of certain Bihar receivables due from the government of $6.9 million adversely change or if future cash flows are adversely impacted relative to the projected cash flows used in the impairment analysis, we may incur additional impairment or other losses in future periods.

11. Debt

Debt obligations

Our total borrowings as of June 30, 2016, and December 31, 2015, were comprised of the following:

	As of	
	June 30, 2016	December 31, 2015
	(In millions)	
Senior notes:		
CAD 500 million 3.95% Series A notes due 2017	$386.9	$361.3
CAD 400 million 2.25% notes due 2018	309.5	289.0
CAD 500 million 2.75% notes due 2020	386.9	361.3
$300 million 2.0% notes due 2017[1]	300.4	300.6
$500 million 3.5% notes due 2022[1]	516.4	517.8
$1.1 billion 5.0% notes due 2042	1,100.0	1,100.0
Less: unamortized debt discounts and debt issuance costs	(19.9)	(21.3)
Total long-term debt (including current portion)	2,980.2	2,908.7
Less: current portion of long-term debt	(299.9)	—
Total long-term debt	$2,680.3	$2,908.7
Short-term borrowings:		
Cash pool overdrafts[2]	$18.5	$18.7
Short-term facilities[3]	11.6	7.5
Other short-term borrowings	17.0	2.5
Current portion of long-term debt	299.9	—
Current portion of long-term debt and short-term borrowings	$347.0	$28.7

[1] During the fourth quarter of 2015, we settled our interest rate swaps that were in fair value hedge accounting relationships related to these notes at which time we ceased adjusting the carrying value of the related notes for the fair value movements of these swaps and began amortizing the cumulative adjustments to interest expense over the remaining term of the respective note. At the time of settlement, cumulative adjustments to the carrying value of the notes were $0.7 million and $18.1 million related to the $300 million and $500 million notes, respectively. See Note 12 "Debt" of the Notes included in our Annual Report for additional detail.

[2] As of June 30, 2016, we had $18.5 million in bank overdrafts and $38.5 million in bank cash related to our cross-border, cross-currency cash pool for a net positive position of $20.0 million. As of December 31, 2015, we had $18.7 million in bank overdrafts and $39.6 million in bank cash related to our cross-border, cross-currency cash pool for a net positive position of $20.9 million.

[3] We had total outstanding borrowings of $11.6 million and $7.5 million under our two Japanese Yen ("JPY") overdraft facilities as of June 30, 2016, and December 31, 2015, respectively. In addition, we have GBP and CAD lines of credit under which we had no borrowings as of June 30, 2016, or December 31, 2015.

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 June 30, 2016, and December 31, 2015, the fair value of our outstanding long-term debt (including current portion) was $3,168.2 million and $2,883.4 million, 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.

Financing of Pending Acquisition

In connection with the pending Acquisition announced during the fourth quarter of 2015, we entered into a 364-day bridge loan agreement by and among the Company, the lenders party thereto, and Citibank, N.A., as Administrative

Agent. The bridge loan agreement provided for a 364-day bridge loan facility of up to $9.3 billion which was subsequently reduced to $6.8

billion as a result of the net proceeds received from our equity offering in the first quarter of 2016. Additionally, in connection with the pending Acquisition, we also entered into a term loan agreement by and among the Company, the lenders party thereto, and Citibank, N.A., as Administrative Agent during the fourth quarter of 2015. The term loan agreement provides for total term loan commitments of $1.5 billion in a 3-year tranche and $1.5 billion in a 5-year tranche, for an aggregate principal amount of $3.0 billion.

For the three and six months ended June 30, 2016, $20.2 million and $38.6 million, respectively, was recorded to other income (expense) related to amortization of commitment fees as well as other financing costs associated with the bridge loan. For the three and six months ended June 30, 2016, $1.9 million and $3.7 million, respectively, was recorded to interest expense related to amortization of issuance and other financing costs associated with the term loan. As of June 30, 2016, and December 31, 2015, there were no outstanding borrowings on the bridge loan or on the term loan.

Subsequent to June 30, 2016, on July 7, 2016, after the issuance of the senior notes discussed below under Debt Issuance Subsequent to Quarter End, the Company terminated the bridge loan agreement, and accelerated the remaining unamortized fees of approximately $24 million associated with the bridge loan to other income (expense) during the third quarter of 2016. MCBC did not borrow any amounts under the bridge loan agreement, and no payments were due as a result of such termination. Additionally, all related financing fees ceased upon termination of the bridge loan. See Note 16, "Pending Acquisition" for further details regarding the pending Acquisition.

Debt Issuance Subsequent to Quarter End

	As of July 7, 2016 (In millions)
Senior notes:	
CAD 500 million 2.84% notes due 2023	$ 384.6
CAD 500 million 3.44% notes due 2026	384.6
$500 million 1.45% notes due 2019	500.0
$1.0 billion 2.10% notes due 2021	1,000.0
$2.0 billion 3.0% notes due 2026	2,000.0
$1.8 billion 4.2% notes due 2046	1,800.0
EUR 800 million 1.25% notes due 2024	885.0
Less: unamortized debt discounts and debt issuance costs	(64.2)
Total new long-term debt offerings issued July 7, 2016	$ 6,890.0

On July 7, 2016, MCBC issued $5.3 billion senior notes with portions maturing from July 15, 2019 through July 15, 2046 (“USD Notes”), and EUR 800.0 million senior notes maturing July 15, 2024 (“EUR Notes”), and Molson Coors International LP, a Delaware limited partnership and wholly-owned subsidiary of MCBC ("Molson Coors International LP"), completed a private placement of CAD 1.0 billion senior notes maturing July 15, 2023, and July 15, 2026 (“CAD Notes”), in order to partially fund the financing of the pending Acquisition (USD Notes, EUR Notes and CAD Notes, collectively, the “2016 Notes”). These issuances resulted in total proceeds of $6.9 billion, net of underwriting fees and discounts of $36.5 million and $17.7 million, respectively. Total estimated debt issuance costs capitalized in connection with these notes including underwriting fees, discounts as well as other financing related costs are $64.2 million and will be amortized over the respective terms of the 2016 Notes. The 2016 Notes began accruing interest upon issuance, with semi-annual interest payments due on the USD Notes and CAD Notes in January and July beginning in 2017, and annual interest payments due on the EUR Notes in July beginning in 2017. Our 2016 Notes are subject to a special mandatory redemption in the event that (i) we do not complete the pending Acquisition on or prior to November 11, 2016 (or, if pursuant to the purchase agreement the termination date is automatically extended, the date (not later than 18 months after November 11, 2015) to which the termination date is so extended) or (ii) if, prior to such date, we notify the trustee in writing that we will not pursue the pending Acquisition. The special mandatory redemption price will be equal to 101% of the aggregate principal amount of the applicable series of notes, plus accrued and unpaid interest from the issue date of the notes, up to, but excluding, the date of such special mandatory redemption. See Note 16, "Pending Acquisition" for further details regarding the pending Acquisition.

Prior to issuing the EUR Notes and the CAD 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 July 7, 2016, concurrent with the issuance of the 2016 Notes. Additionally, upon issuance we designated the EUR Notes as a net investment hedge of our Europe business. See Note 13, "Derivative Instruments and Hedging Activities" for additional information.

Other

As of June 30, 2016, and December 31, 2015, we had $750 million available to draw under our $750 million revolving multi-currency credit facility, as there were no outstanding borrowings on the revolving credit facility nor was there any outstanding commercial paper. As part of our anticipated financing for the pending Acquisition, we amended our $750 million revolving multi-currency credit facility during the fourth quarter of 2015, effective following the completion of the pending Acquisition to increase the maximum leverage ratio to 5.75x debt to EBITDA, with a decline to 3.75x debt to EBITDA in the fourth year following the closing of the pending Acquisition.

Under the terms of each of our debt facilities, we must comply with certain restrictions. These include restrictions on priority indebtedness (certain threshold percentages of secured consolidated net tangible assets), leverage thresholds, liens, and restrictions on certain types of sale lease-back transactions and transfers of assets. As of June 30, 2016, we were in compliance with all of these restrictions and have met all debt payment obligations. The restrictions related to our 2016 Notes issued subsequent to quarter end are substantially similar as those of our outstanding senior notes as of June 30, 2016, which all rank pari-passu.

12. Accumulated Other Comprehensive Income (Loss) ("AOCI")

	MCBC shareholders				
	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, 2015	$(769.9)	$ 14.5	$ (589.1)	$ (350.4)	$ (1,694.9)
Foreign currency translation adjustments	88.8	—	—	—	88.8
Unrealized gain (loss) on derivative instruments	—	(29.2)	—	—	(29.2)
Reclassification of derivative (gain) loss to income	—	(3.4)	—	—	(3.4)
Amortization of net prior service (benefit) cost and net actuarial (gain) loss to income	—	—	15.9	—	15.9
Ownership share of unconsolidated subsidiaries' other comprehensive income (loss)	—	—	—	32.3	32.3
Tax benefit (expense)	26.5	2.9	(1.9)	(10.9)	16.6
As of June 30, 2016	$(654.6)	$ (15.2)	$ (575.1)	$ (329.0)	$ (1,573.9)

Table of Contents

Reclassifications from AOCI to income:

	Three Months Ended		Six Months Ended		
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	
	Reclassifications from AOCI (In millions)				Location of gain (loss) recognized in income
Gain/(loss) on cash flow hedges:					
Forward starting interest rate swaps	$ (1.0)	$ (0.3)	$ (1.9)	$ (0.6)	Interest expense, net
Foreign currency forwards	(2.1)	(2.9)	(4.0)	(5.3)	Other income (expense), net
Foreign currency forwards	3.9	5.4	9.3	10.1	Cost of goods sold
Total income (loss) reclassified, before tax	0.8	2.2	3.4	4.2	
Income tax benefit (expense)	(0.1)	(0.6)	(0.3)	(1.2)	
Net income (loss) reclassified, net of tax	$ 0.7	$ 1.6	$ 3.1	$ 3.0	
Amortization of defined benefit pension and other postretirement benefit plan items:					
Prior service benefit (cost)	$				