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LETTER FROM THE CEO.

Welcome! You have in your hands (or on your screen) New Belgium's first report on the perpetual interplay of people-planet-profits. This document defines and outlines our approach to operating a sustainable business. At New Belgium, we strive to evaluate our performance with the Triple Bottom Line approach that measures the environmental, economic and social effects of our business. While we have worked towards environmental and social responsibility since our inception, this Sustainability Report is our first attempt to communicate our efforts in all three areas in a single location.

Because of our Employee Ownership structure, all coworkers (employed over one year) are shareholders of New Belgium. However, the process of manufacturing and selling beer involves stakeholders across the globe. From the people and natural resources which provide our raw materials to the communities where our beer is consumed, transparency and authenticity have always been central to our culture. Authenticity means our actions match the things we say about ourselves. Transparency shines a light on our successes and our shortcoming so that our stakeholders can be the judge of our authenticity. The data, stories, critique, commentary, and aspirations in this report are ways to help us achieve a more authentic transparency.

You'll notice in this report that we often call the brewery "the Mothership", an allusion to Mother Earth, with a nod to P-Funk. Our purpose at the Mothership is to operate a profitable company which makes our love and talent manifest. We are privileged to have the opportunity to share both our love and our talent with you when you drink our beer, take in a Tour de Fat, or spend a little time reading about what we're up to.

With gratitude, Kim Jordan



LETTER FROM THE SUSTAINABILITY DIRECTOR _

This report is one of New Belgium's major sustainability initiatives for 2008. So, we're finishing it just in the nick of time! It can be difficult to muster enthusiasm for packaging the past when there is so much good work to be done in the present for the future. But, compiling this information has helped us understand where we do well: incorporating sustainability considerations into all of our decisions; and where we could stand to improve: setting goals and creating plans to make measurable progress towards them.

Along with finding the time, creating complete transparency is a significant challenge. Omission can be a reflex when your instinct is to protect the company you love from unwarranted harsh judgments. But, we learned to flex our openness and our humility more readily in 2007 when an aggrieved ex-employee rightly accused us of incorrectly using the phrase "100% wind-powered" when natural gas provides over half the energy we need to make beer. We never meant to mislead, and now understand that what our customers and our communities think is important to know about us is a work in progress. Please tell us if you think we've left anything out of this report; we're always looking for the next one's content!

A few notes about our method: When possible, we present 5 years of data. And, because this is our first comprehensive corporate sustainability report, we go a little heavy on background info in some areas. Finally, though this is our 2007 report, since it was written during the summer of 2008, we've included some information and events of this year, because it seems odd not to.

Thanks for taking the time to learn more about the operations and impacts and efforts of the company that makes and sells the beer you love.

Namaste, Jenn Orgolini



BEGINNINGS

It's 1988, in Belgium. Our aspiring young homebrewer-founder is riding his mountain bike with "fat tires" through European villages famous for beer. New Belgium Brewing Company is but a glimmer in his eye. Inspired by Belgian brewing creativity, Jeff Lebesch returns to Fort Collins with a handful of ingredients and an imagination full of recipes.

Jeff's first two basement-brewed creations? A brown dubbel with earthy undertones named Abbey and a remarkably well-balanced amber he named Fat Tire. To say the rest was history would be to overlook his wife's involvement. Kim Jordan was New Belgium's first bottler, sales rep, distributor, marketer and financial planner. And now, she's our CEO.

Electrical engineer meets social worker; ideals flourish

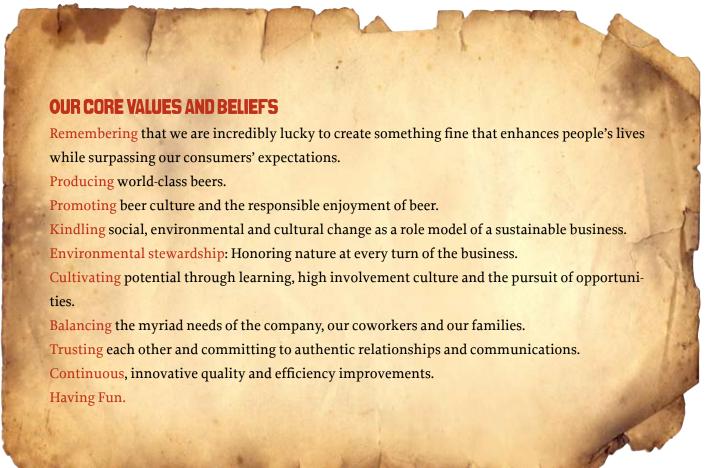
The other side of the New Belgium story isn't as romantic as bicycling through Europe, but it gives testament to our dedication and hard work. Jeff, an electrical engineer by day and a tinkerer at heart, built a homebrewing kit in his basement out of repurposed dairy equipment. His Belgian-inspired brews garnered enough praise from friends and neighbors that Jeff and Kim took their basement brewery commercial in 1991.

Kim, social worker by day and mother to two always, began the marketing process by knocking on their neighbor's door. Anne Fitch answered the call, and her watercolors are the artwork we continue to use on our labels today. With labeled bottles and local encouragement, the first Belgian-style beers brewed in the United States were officially for sale.

The Core Values and Beliefs that Kim and Jeff built New Belgium Brewing Company on continue to guide us today. Before they ever sold a bottle of beer, they hiked into Rocky Mountain National Park with a jug of home brew in one hand and pen and pad in the other. Together, they wrote down some of what they wanted to instill into this business dream of theirs. Today that vision reads like this:

NEW BELGIUM'S PURPOSE:

To operate a profitable company which makes our love and talent manifest.



CORPORATE PERFORMANCE

As a sustainable business role model, we're often asked, "What's the return on your investments in sustainability?". Somewhat sheepishly we reply that we don't exactly know, except that as a whole, we've been extremely successful. We believe that making choices that are more environmentally sustainable or enriching for our culture is just good business sense; we would no more calaculate a separate ROI on these investments than we would investments in quality or safety.

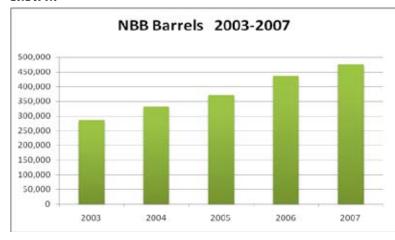
New Belgium is proof that doing the right thing pays, both financially and karmically. Here are some graphs to illustrate:

	Craft Industry Rank	Total US Beer Industry Rank
2007	3	8
2006	3	9
2005	3	12
2004	3	12
2003	4	13

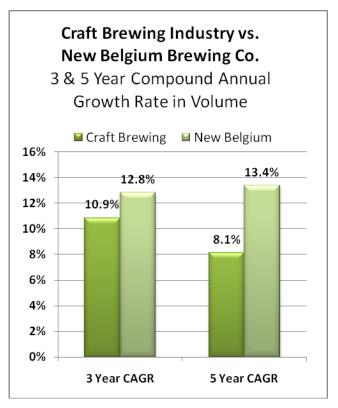
COMPETITIVE STATUS

New Belgium is a "Regional Craft Brewery" as defined by the Brewers' Association: An independent brewery with an annual beer production of between 15,000 and 2,000,000 barrels who has either an all malt flagship or has at least 50% of its volume in either all malt beers or in beers which use adjuncts to enhance rather than lighten flavor. Less than 25% of the craft brewery is owned or controlled (or equivalent economic interest) by an alcoholic beverage industry member who is not themselves a craft brewer.

GROWTH



As of September, 2008, our beer is sold in 19 states: Arizona, Arkansas, California, Colorado, Idaho, Illinois, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, Oregon, Texas, Tennessee, Washington and Wyoming. It was all brewed in Fort Collins, Colorado.



Brands we currently have in production run the gamut of styles and include: Fat Tire Amber Ale, Sunshine Wheat, Springboard, Skinny Dip, Old Cherry, Mighty Arrow, Mothership Wit, Abbey Belgian Style Ale, Tripple Belgian Style Ale, La Folie, La Fleur Misseur, Eric's Ale, La Terrior, 1554, Blue Paddle, 2 Below Winter Ale, Giddy Up, and Frambozen.

ENVIRONMENTAL PERFORMANCE

CREATION OF A SUSTAINABILITY MANAGEMENT SYSTEM (SMS)

Environmental stewardship has been a New Belgium core value since the company's inception. However, a couple of years ago, in typical New Belgium grassroots fashion, a small group of passionate employees advocated for more structure around our environmental goal-setting. They wanted more guidance in sustainable decision-making, better data, and more executive level support for their efforts. Hearing their case that New Belgium should continue to lead in corporate best practices by establishing a Sustainability Management System (SMS), we included planet Earth as a stakeholder in our 2007 strategic planning and set to work.

The SMS is the product of 16 people, from all parts of the company, and two consultants, as well. Meeting monthly from December 2006 through August 2007, the Sustentacular team took on this work in addition to their 'regular' jobs because they care deeply about how New Belgium shows up on the planet and believe passionately in our ability to break new ground while turning our Vision into reality.

Broadly speaking, the SMS requires us to establish our current environmental impact, sets specific targets for improvement, makes plans to achieve those targets, and keeps the plan/do/check/act cycle rolling. We decided to focus our efforts around four Target Areas: carbon footprint reduction, water stewardship, closing loops, and advocacy. Tools are provided for decision makers in purchasing, design, capital portfolio management, and strategic planning. Finally, there are guidelines for reporting on our progress, and reviewing and updating each aspect of the document.

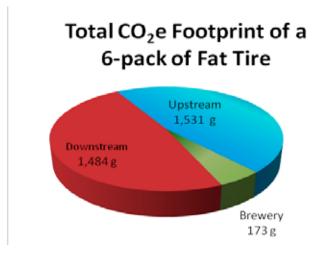
This Sustainability Report is an outcome of that Management System.

As we grow, in revenue, territory and age, we become more concerned with securing our legacy. How can we make sure newer co-workers understand what is important to us and continue to uphold those beliefs? The SMS is a bridge between the Core Values and Beliefs, which guide our actions companywide, and our daily striving to become more environmentally sustainable. Write us (sustainability@newbelgium.com) if you'd like more information about our Sustainability Management System.

CARBON FOOTPRINT: LIFECYCLE ANALYSIS

In 2007, the SMS team declared a goal to reduce our carbon footprint by 50% per barrel by build-out of this site, without knowing what our current carbon footprint was. Although we've been members of the Chicago Climate Exchange (www.chicagoclimateexchange.com) since 2006, we could only provide verifiable data back to 1998 (the beginning of the baseline period) for our electricity, our fermentation, and our boilers, leaving much of our impact unmeasured. Therefore, we worked throughout 2007, in partnership with The Climate Conservancy (www.climateconservancy.org), to complete a greenhouse gas life cycle assessment (LCA) of a six-pack of Fat Tire. The totalCarbon Dioxide Equivalents (CO2e) emissions of one six-pack of Fat Tire are 3189 grams. This, in and of itself, is kind of a meaningless number, except as a baseline to measure the results of future improvements. Most revealing is what makes up that total.

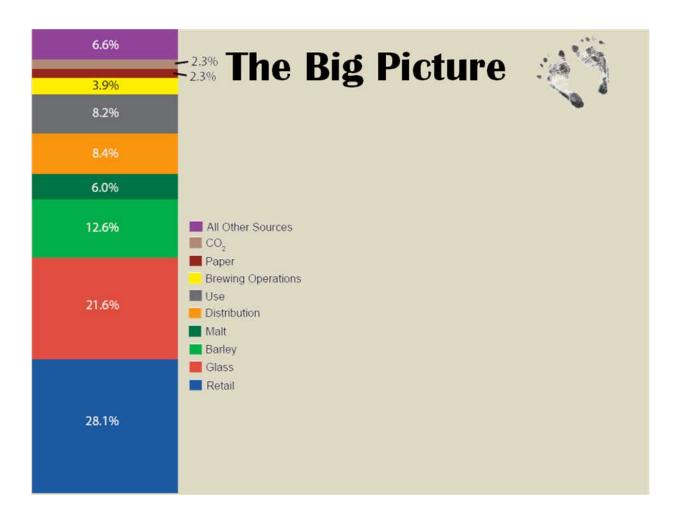
Our raw and packaging materials, including their transportation to the brewery, constitute 48% of the six-pack's overall footprint. The brewer makes up a sliver of the total: 5%. Downstream impacts make up 47% of the total, and retail is 60% of downstream. Ninety-three percent of retail's contribution to Fat Tire's footprint is attributed to the energy for in-store refrigeration.



The chart, below, shows the top 10 contributions to the six-pack's carbon footprint. Note the CO2 listed as 2.3% of the six-pack's total carbon footprint. Apparently, all CO2 emissions are not created equal. The CO2 included in the footprint is that which we purchase to top off the carbonation in our beer and purge tanks. It is a byproduct of ammonia production, and we get it very inexpensively from Cheyenne, WY, less than 50 miles away. Because our source of CO2 is so affordable, we have been unable to economically justify installing and operating a CO2 recovery system. The CO2 produced by fermentation is not included in the six-pack's carbon footprint because it is part of the natural carbon cycle. Grain and hops take CO2 from the atmosphere, convert it to carbohydrates, which yeast then digests and converts back to CO2 (and alcohol!) during fermentation.

As a result of the LCA findings, we're doing a few things: researching how the footprint would change if we used organic malt in Fat Tire (fertilizer and soil amendments contribute 123 g CO2e), talking to our industry about how to increase the supply of recycled cullet (recycled container glass, prior to processing) for bottle manufacturing and how to decrease the energy wasted by instore refrigeration. We also want to develop a database to attach the environmental attributes of our raw materials and packaging to the bill of materials, so we can understand the impact of all products and processes, including the significant amount of point of sale, soft goods, and promotional materials that we use. Finally, we've gone through each line item that contributes to the GHG emissions of a six-pack of Fat Tire and decided that a 25% reduction in CO2e emissions per barrel by 2015 is a more realistic goal.

You can find a link to our entire LCA here: http://news.newbelgium.com/?p=133



ELECTRICITY

Both a mix of green power from our local utility, Community Energy wind RECs, and our own Process Water Treatment Plant (PWTP) provide power to New Belgium so that 100% of our electricity comes from renewable resources.

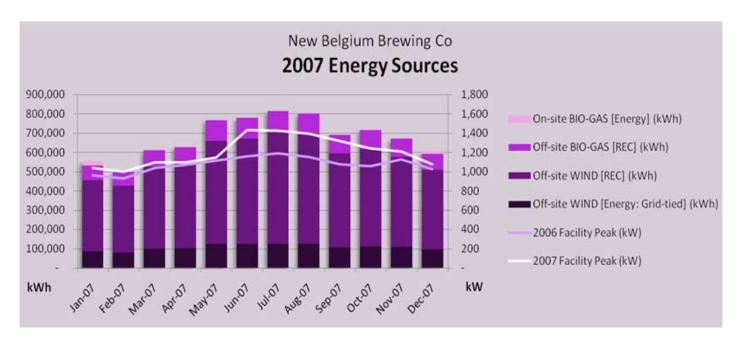
WIND

In an effort to reduce our carbon footprint, New Belgium conducted an energy audit in 1998 which showed that the single biggest emitter of CO2 in our process was from the electricity we used supplied by coal-burning power plants. As a result, New Belgium employee-owners voted to dip into their bonus pool to subscribe to the City of Fort Collins' Wind Program at a premium of 2.5 cents more per kWh than fossil-fueled electricity (or, 57% more, at the time). Thus: New Belgium Brewing became the country's first brewery to purchase 100% of its electricity from wind power in 1999.

Our co-workers still relay the story of the wind-power vote as a personally defining experience that cemented their commitment to NBB and to sustainability. Their enthusiasm put the environmental stewardship value Kim and Jeff committed to during the hike in Rocky Mountain National Park into action in a bonding, memorable, unanimous way.

When we started purchasing wind power, 100% of it was generated by turbines in Medicine Bow, WY which is tied directly to our grid. The City erected an additional turbine/monopole just to supply New Belgium with our electricity for the next ten years. In fact, our commitment as the single largest subscriber in the program allowed Fort Collins Utilities to become Colorado's first electric utility to offer wind power. This is an example of "the ripple effect", described later in this report, almost 10 years before we put a name to it.

Currently, 17% of the City's renewable energy comes from the Medicine Bow and the rest comes from wind-generated renewable energy credits (RECs) from Wyoming, Oklahoma, and Kansas, as well as landfill gas RECs from Idaho.



PROCESS WATER TREATMENT PLANT

At our on-site Process Water Treatment Plant (PWTP), New Belgium uses microbes to clean all of our production wastewater through a series of aerobic (with air) and anaerobic (without air) basins. A byproduct of this process, methane gas, is harvested and piped back to the brewery, where it powers a 292kW combined heat and power (CHP or co-gen) engine. This engine—when it's running well—can produce up to 15% of our electrical needs and turns a waste stream into a source of energy. It is a beautiful example of a closed-loop system in our brewing process. But, like much that's innovative, it's malfunctioned a bit in years past. Through a partnership with locally headquartered Woodward, we've installed new controls equipment this year, and the co-gen is running better than ever.

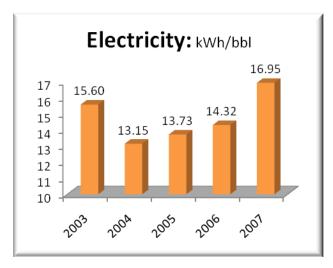
Nutrient rich sludge is another byproduct of the PWTP, which becomes an amendment to compost. It may be possible to turn this sludge into fish food. Read about our partnership with Oberon Technologies to do just that, on page 20.

CONSERVATION

Employing technology to source renewable resources is only half of the approach. We also need to create efficiencies and develop good habits to reduce our need for electricity - especially that demanded during peak hours.

You may notice our kWh per barrel has risen each of the last three years. The steady increase comes from the inefficient compressors we have been renting during the summer as a short-term, low-capital solution to our wort-chilling refrigeration capacity shortage. In 2008, however, we believe we will see that per barrel usage fall as we are investing over \$1 million in energy-sparing equipment and process changes related to cooling the beer. The larger spike you see in 2007 kWh/bbl can be attributed to our new packaging hall coming online in the spring of 2007. Our production facilities are built to handle the capacity of future demand. Since we are running volumes below capacity, we lose efficiencies. However, we will see this per barrel number decrease as our production increases.





DEPARTMENT OF ENERGY GRANT: FORT ZED

In 2007, New Belgium partnered with the City of Fort Collins, Colorado State University and other energy-focused companies to apply for a grant from the Department of Energy to demonstrate 20 - 30 percent peak electric load reduction. The collaborative project will be the first phase of implementing FortZED, a long term vision for a zero energy district in downtown Fort Collins. In April, 2008, the DOE announced that the City and its partners will receive \$6.3 million in federal grant money to research, develop and demonstrate new electric grid technologies. \$4.9 million in matching funds, including cash and in-kind services, have also been donated to make the DOE grant a reality.

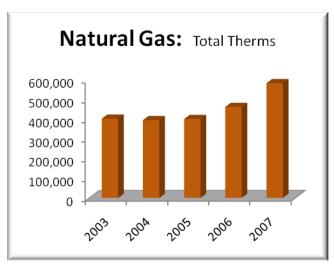
For New Belgium, this means that in the next 3 years, we'll be installing \$4 million in new load-shedding and on-site generation capabilities, funded 50% in house, 25% by the DOE and 25% by in-kind donations. Our goal is to be able to create or shed 1300kWof electricity—almost our annual peak load—through solar PV, co-generation, metering and controls. If we can do this, we will have created a 'soft-island' at our site where, while still tied to and sometimes drawing from, sometimes feeding to, our City's electrical grid, we will throughout a year purchase net zero electricity.

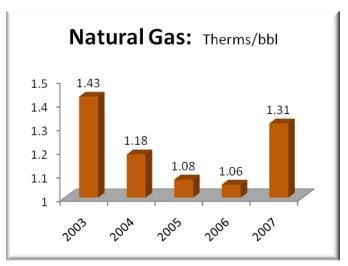
NATURAL GAS

New Belgium uses natural gas for thermal energy (i.e., heating water, creating steam) and works to conserve natural gas through recovery systems which close heat loops in the production process.

With our Steinecker 'Merlin' Brew Kettle, we are able to reduce our natural gas consumption by cutting the boil time in half. Instead of boiling from the outside in, the Merlin has a cone shaped boiler plate that flash boils the wort. The accelerated boiling reduces natural gas consumed and cuts back on water lost to evaporation.

Our natural gas use on a per barrel basis has gone up because of the new packaging hall. One, we have over 55,000 square feet of heated space that we didn't have before. Two, we have a bigger filler and much longer piping, all on a new CIP (clean-in-place) plant for heat sterilization; and three, we are making more beer styles and packages, all of which increase the number of heated cleanings per bbl packaged. As we further utilize this packaging capacity, we expect this ratio to come back down.





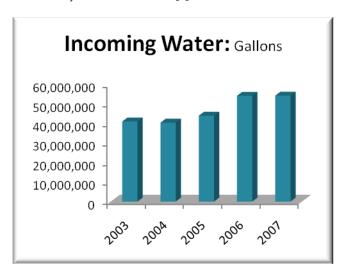
WATER

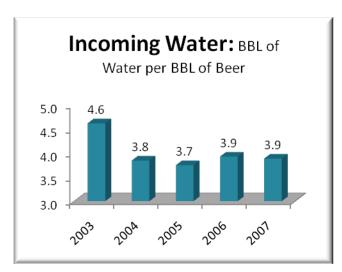
After surveying reports of multiple beer companies, we have determined that water use among breweries commonly exceeds a 5:1 ratio. (Which means it takes 5 gallons of water to make 1 gallon of beer). Our 2007 average was 3.9:1. That's 20% less than the industry average, which is impressive, but we're thinking we're better served to not get into the percentages game. We know our fellow brewers are finding ways to lower their ratios, too. We all need water.

Our new packaging hall has some great water saving features: The water used to first rinse the inside of the bottles is recovered and reused on the final exterior rinse. Also, the CIP system is designed with a hot water recovery tank to recover heat and water from our hot water sanitizations to use on the subsequent cleaning cycle.

At the Brewery, you will see a xeriscaped approach to landscaping that is crucial in arid climates like Colorado. Xeriscape practices include native plants that require little, if any, additional watering as well as proper soil amendments to help retain moisture. The approach also calls for watering practices that reduce run-off and evaporation.

As New Belgium has continued to grow, we have obviously seen an increase in the total gallons of water we use at the brewery. It is evermore imperative that we continue to reduce our per barrel usage. By finding additional efficiencies in our process, we hope to eventually achieve a ratio of 3.5:1—a 10% reduction.



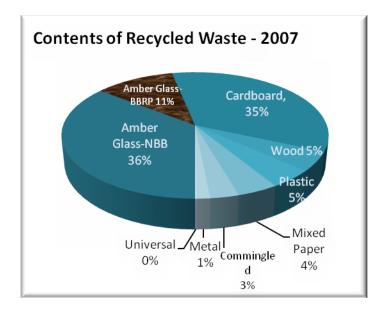


WASTE STREAM

When it comes to waste, our favorite approach is to "reduce". Through continual process improvements, we hope to eliminate most waste by not bringing it in to begin with. But when reducing has been exhausted and reuse isn't an option, we turn to Recycling. In 2007, New Belgium recycled 73.3% of its waste. It is important to note that we do not include Spent Grain (or Spent Yeast and Spent DE) in our Diversion Rate as most of the brewing industry does. We made a conscious decision to remove Spent Grain because we consider it to be a byproduct of brewing – and not a waste product. As you will notice in this graphic, spent grain skews the data so much that all other efforts are inconsequential. Our SMS 'closing loops' target is an 80% diversion rate.







So what is in those 812,000 pounds of recycling? Most of our recycling is glass and cardboard as a result from our packaging operations.

GLASS RECYCLING

Of all the glass that goes out to be recycled in the United States, only 40% is actually recycled into new glass. When different colors of glass are combined, and often broken, in single stream recycling (single stream means all of it goes out in the same bin), then that glass loses value. The mixed glass is usually crushed and used as a stratifying layer in landfills. To preserve its worth so that it is successfully recycled, the glass needs to be uncontaminated. Because of our volume, we can collect an amber glass stream pure enough to be made into new beer bottles.



BBRP

Unfortunately, access to pure stream amber glass recycling is uncommon in the United States and the heaviest users - bars and restaurants - don't have easy access to recycling their amber glass. It made us sad to think of all the brown bottles at our Old Town neighborhood going into the landfill. So in 2003, New Belgium partnered with the City of Fort Collins' Waste Management and Rob's Bicycle Courier Services to develop the Brown Bottle Recycling Program (BBRP), that we affectionately pronounce "burp". BBRP provides participating bars and restaurants with an amber glass bin. Rob, the bicycling machine, picks up the full bins amounting to 1,500 pounds of glass each week and pedals them over to our glass roll-off, fuel-free!

BOTTLE BILLS?

We're looking at ways to help our industry become more responsible for amber glass that ends up in the waste stream. According to our life cycle assessment, the combined process and transportation emissions resulting from glass manufacturing from 100% virgin inputs is 0.66 metric ton (Mt) CO2e per ton of glass produced. Glass produced using recycled inputs permits substantial energy savings because recycled glass cullet requires a lower melting temperature in the manufacturing process (12500C instead of 14000C). Emissions resulting from producing glass using 100% recycled cullet are 0.33 Mt CO2e per ton.

While our bottles are manufactured only 20 miles away, saving GHGs from transportation, the bottles have a disappointing level of recycled content (less than 10% on average). This is due to the shortage of pure stream amber glass. Only eleven states across the U.S. have Bottle Bills, and Colorado unfortunately is not one of them. A Bottle Bill is legislation requiring a deposit be collected with the sale of each bottle (typically 5 cents). When bottles are returned to redemption centers, the deposit is returned. For states with bottle bills, the beverage container redemption rates are 20 to 60% higher than the US Average. Currently the United States Congress is considering a national bottle bill that could drastically increase the availability of glass for recycling and therefore increase the recycled content in our beer bottles. While the beverage industry has historically opposed such legislation, perhaps it is time for the domestic and craft brewers to support Bottle Bills to reduce our industry CO2 footprint. So we ask ourselves, "How can New Belgium help our industry to move forward in these best practices?" We don't know the answer yet, but we are actively exploring options.

NEW PACKAGING HALL

In 2006, we broke ground on our new packaging hall, and in April of 2007, the bottles were rolling! This latest expansion brings our bottling capacity in line with that of our brew houses. Since it is estimated that buildings contribute up to 1/3 of the total CO2 output emitted by the United States , it was imperative that we take great measures to create a highly efficient and sophisticated packaging hall.

Some of the sustainable features of the packaging hall: To reduce HVAC energy, we utilized displacement ventilation technology and Freon-free direct/indirect cooling. Solar tubes and skylights were installed to provide day-lighting. An energy efficient building thermal envelope was created by combining R-38 SIPs (structural insulated panels), R-38 roof insulation with high reflectance membrane roofing and high performance window glazing. The filling technology chosen is state of the art and reduces CO2 usage through its electronic monitors.



The need for toxic chemicals was minimized by using a chemical-free mechanical water treatment system for the boilers and cooling towers, installing a snowmelt system, using low-VOC paints, and recycled & reclaimed building materials. A laser/wax method for coding product quality on bottles was adopted to eliminate the use of high-VOC inks. We also purchased rapid charge battery systems for the forklifts. Typically, the fork lift battery charging room has a substantial ventilation system to safely remove the hydrogen gas produced by the heating of the battery during the charging process. Our rapid charge battery system directs that energy into electrical charge, eliminating the need for ventilation.

The water usage of the rinse process in the packaging line has been cut in half per bottle compared to the old line by a simple modification to the packaging equipment. Water used to first rinse the inside of the bottle is recovered and reused on the final exterior rinse. Our xeriscaped grounds around the hall also help to reduce our need for water. Storm water management is optimized with permeable paving and bioswales.

Despite all we accomplished, due to complications during the building process, we had to forgo LEED certification. LEED is aptly focused on building performance. On our Packaging Hall project, 40% of the project costs and 50% of the energy used in the building are attributable to the packaging process, versus the building itself. While there are few LEED credits applicable to process efficiencies (4 out of 69), NBB's approach to projects by necessity addresses both the process and the building related energy use and material impact. But beyond differences in emphasis, the over-arching reason we didn't pursue certification were challenges associated with changing our architect mid-stream.

Not only did we lose valuable time and have to drive hard to meet a production deadline, our new partner was not experienced enough with LEED to add certification to their responsibilities: for example, the certification cost estimate increased 400% during budgeting! As we plan for our next production expansion in the fermentation cellar, we wonder, is a 1% increase in project costs worth it? Given that we'll design and build according to LEED principles anyway, can the \$50,000 be better spent elsewhere?

These are only a few of the highlights. For more information about the new packaging hall and the rest of our buildings, come to New Belgium for a tour or email us at sustainability@newbelgium.com.

CREATING A RIPPLE

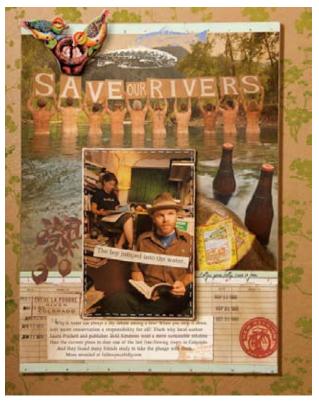
While the environmental efforts at New Belgium are noteworthy, they are only a little splash in a big pond. To foster significant improvement in the state of our planet, NBB needs to nurture the ripple of that splash. The ripple nudges people who drink our beer and asks them to think hard about the impacts of daily decisions. It flows through our co-workers and spreads to their families and friends. To encourage the ripple, New Belgium initiated education efforts for both our customers (through "Advercacy" and eventing) and our co-workers (with internal education) in 2007. We are the first brewery to assess the CO2e impact of our product, and we presented that data to our industry at the 2008 Craft Brewers Conference in San Diego because we hope to encourage the ripple to become a wave across our industry.

ADVERCACY

We really do believe that our efforts can motivate serious life changes among our beer drinkers simply by proving sustainable living doesn't have to be all about abstinence.

In our integrated branding approach in 2007/2008, we are happily marrying our print and on-line advertising with eco-advocacy by telling the story of people and groups that are 'Following their Folly' by combining whimsy with sustainability. Advocacy meets Advertising, and we call it "Advercacy". Our goal is to help these people and organizations access an audience that they normally might not be able to afford to reach. This campaign reached millions in the western US via magazines like Outside and Mother Jones. In addition, we try to tell our story in a humble fashion and talk about how we are committed to 'doing good while doing well', or, operating a successful business while being committed to sustainability on many levels.

Specific to the 'SAVE THE POUDRE' image, we teamed up with local publisher, writer, and advocate Todd Simmons and his brave group of skinny dippers that are supporting awareness about the many threats that the Glade Reservoir poses to our beloved Cache La Poudre watershed and its fragile eco-systems. When utilizing the image in our print ads we change the letters to read 'SAVE OUR RIVERS' to widen the message.



Before running this ad, we asked ourselves, can a water consumer be a water advocate? We were nervous that this might seem hypocritical. So, we also asked the local Sierra Club director and other river advocates. They believed that not only could we stand on the side of conservationists, but that we should. Manufacturing and industry are not going away, so we can model how to consciously and respectfully use resources. Participating in river advocacy makes us hyperaware of our own water usage and galvanizes us to be even more conserving.

EVENTING — TOUR DE FAT





Each year, New Belgium rounds up Colorado's finest carneys and embarks on another season of the Tour de Fat – our home-grown bicycle ballyhoo that encourages people to get out of their cars and on to their bicycles. We travel to eleven cities to celebrate bicycles, and all gross revenues from beer and schwag sales go directly to our partner non-profits in each town, keeping the money in the local community. In 2007, we raised \$245,000 for non-profits promoting environmental efforts and raising cycling awareness!



We also know events can be wasteful, so we partner with recycling & composting groups in each town. In 2007, Tour de Fat diverted 91% of its waste from the landfill! By increasing cycling awareness we hope to lower carbon emissions and promote a sustainable lifestyle. So the Tour de Fat focuses heavily on bike culture and promotes the concept of car-free living.





Thousands of people (46,200 people to be nearly exact) suit up in home-made costumes and make the voyage to the nearest Tour de Fat to join the bicycle revival. Here, our very own Reverend Ballyhoo tells us in his own words what the Tour de Fat is all about:

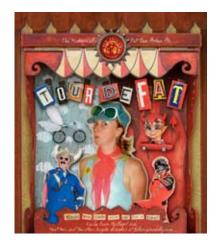
"The Tour de Fat is an annual event where we gather folks of all walks of cycling into one place. In the course of having some great entertainment, lots of costumes and a couple of beers, we raise money for local cycling advocacy groups in each town that we go to. Hopefully we paint a picture for those who are already in the fold that we are in the right place and for those who are peering in from the outside that they are welcome to join."

The Reverend was referring to our "Trade Your Car for a Bike" challenge that we kicked off in 2007 where eleven brave souls unburdened themselves of the automobile and chose the nobler, benevolent, all-powerful bicycle as their primary source of transportation... And the people rejoiced!

"If I can help inspire other people to bike and then we can create an environment that is actually like a really safe, good, healthy, yummy, inviting you know like a luscious biking environment that everybody just wants to go bike. That would be exciting."

— Karla Betts, who traded her car for a bicycle in Portland, Oregon







In 2007, Tour de Fat diverted 91% of its waste from the landfill!

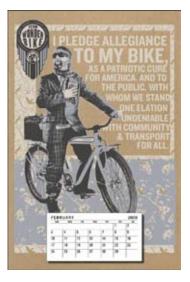
TEAM WONDERBIKE

Team Wonderbike is a laughing war whoop, a social movement, an opening salvo in the campaign to greatly increase the use of one of mankind's greatest inventions, the bicycle. Human-powered, carbon-free, and more fun than walking, driving or running in place - the bicycle offers an elegant solution to so many issues.

All that AND it's good for you.

Currently more than 12,000 strong, we on Team Wonderbike have pledged to bike - not drive - better than 9 million miles in the coming year. But that's just the beginning.

Team members can upload stories and images and check in with other Wonderbikers at www.teamwonderbike.com. We're building an online community with regional chapters and a national voice for sensible transportation alternatives.



INTERNAL ENVIRONMENTAL EDUCATION

In 2007 we introduced a Recycling Guide to our co-workers and made efforts to increase their access to recycling. We are following that up this year with a series of voluntary classes & hands-on training that will inspire people to compost and teach them how, educate on the complexities around plastic recycling and, finally, get to the root of all waste by discussing over-consumption and the importance of voting with our dollar. Other possible trainings include home-energy audits, water conservation through xeriscaping and the benefits of local and organic food.



PARTNERSHIPS

Colorado State University Organic Hops Program

When we started our search for a high-quality organic hop in our local region, we couldn't find one! We were happy to meet the crew at CSU who shared our quest. So we donated \$20,000 in funding to support the hops variety trials necessary to promote an organic hop growing industry in Colorado. Before an organic farmer can commit acreage to hops, s/he needs to know which hops Colorado brewers need, which varieties will grow successfully in Colorado, and how to take care of them. The research we are funding aims to collect that information.

Oberon FMR, Inc.

Oberon is a company spun off of Colorado School of Mines research that has installed a small treatment plant next to our own that will use our process waste water to harvest sludge to create a high protein fish food for aqua-farms. If successful, they will be able to tell us how to optimize our processes to do the same, which will turn a waste stream (that currently becomes an amendment to compost) into an income stream and a potential source of global nutrition.

Solix

Solix is a private company spun off of Colorado State University research projects. They are developing the capability to make bio-diesel from algae, which has much higher yields per acre, and lower water and fuel inputs, than traditional bio-diesel crops. New Belgium engineering and maintenance staff spent a lot of time in 2007 trying to fulfill a request from Solix to use 5 acres of our property, CO2 from fermentation, and our process water treatment plant as a source of warm water and to dispose of their non-lipid algae byproduct. Unfortunately, Solix's investors decided that the pilot project here would not be large enough, so the Solix team had to move their efforts elsewhere. We wish Solix the best of luck in their revolutionary endeavor to create fuel from combustion emissions.

City of Fort Collins Climate Wise::: Platinum Partner

Climate Wise is a voluntary, city-run program that is dedicated to helping local business and the environment. Through environmental assessments and creative solutions, the City of Fort Collins Climate Wise Team helps businesses tackle modern-day business challenges that impact bottom lines and the quality of life in Fort Collins. In 2008, the Climate Wise Program was selected as one of the Top 50 programs of the 2008 Innovations in American Government Awards.

RECOGNITION

Harmony Green Globe Award, given in June 2007 for New Belgium's world changing approach to environmental advocacy by the Harmony festival of Santa Rosa, California.

Oregon Tilth Handler of the Year award, based off of our Organic certification, our employee perks and benefits and our environmental stewardship.

Best Green Business voted by readers and published in the Rocky Mountain Chronicle Best of 2008 issue.

Wirth Chair Award in the Business Category presented at University of Colorado during Denver's Sustainability Awards ceremony in 2008.

Governor's Excellence in Renewable Energy Award in the Large Business Category presented by Governor Bill Ritter in 2008.

Bicycle-Friendly Employer of the Year awarded by Rocky Mountain News at the Bicycle Colorado Gala Celebration in 2008.

CULTURAL/SOCIAL PERFORMANCE.

New Belgium's Culture begins with our purpose statement, "To operate a profitable brewery which makes our love and talent manifest". Then we work to build a system that supports this purpose. The first step in the system starts with values and sound judgment. This creates an environment—which we call high involvement culture—where policy and rules come secondary to making good decisions. Everything beyond this step then flows naturally. We are a community of people who respect each other and commit ourselves to excellence. We are a company with great intellectual ability and compassion along with a sharpened sense as to how we impact one another and our environment.

Our co-workers and culture are strategic differentiators. We invest time and money to remain culturally connected as we grow in size, geography and work structures. We provide ownership through participation in our Employee Stock Ownership program. We open our books to create transparency, build trust, and grow ownership-thinking. We create flexible structures to enable managers to make decisions that are in the best interest of their co-workers. We care about the health and wellbeing of our coworkers and create systems and opportunities for balance and growth. We expect challenges but also always strive to be open and honest with one another and have authentic relationships.

We are as committed to each other as we are to creating world class beers.

PHILANTHROPY

Participating in non-profit organizations and the community has always been a part of New Belgium. In 1995 when the Philanthropy program was conceived, we began donating 1 dollar for every barrel of beer produced to non-profit organizations in the communities where we do business. A Philanthropy Committee was established and to this day remains the backbone of the program. This cross-departmental group, open to all interested co-workers, researches, reviews and grants funding to many worthy organizations doing important work across our areas of distribution. Since its inception, New Belgium Brewing has donated more than \$2.5 million through our Philanthropy program.

Our coworkers have also donated many volunteer hours to non-profits across the region. Coworkers are given one hour of PTO (paid time off) for every two hours they volunteer with philanthropic organizations.

In 2007, NBB joined 1% For the Planet (www.onepercentfortheplanet.org) which is an alliance of businesses committed to leveraging their resources to create a healthier planet. Membership in 1%FTP means that through a combination of direct donations, sponsorships, and selling beer for charity, proceeds equal to 1% of our revenues will be given to environmental causes. This program combines our philanthropy, sponsorship and good will programs and has established more focus to our giving.

To learn more about any of these programs please visit our website at www.newbelgium.com

ANNUAL RETREAT

While it's no secret that business alignment can boost a company's performance, alignment is mandatory in a high-involvement culture. Furthermore, as our company grows, we find it increasingly important to pursue a delicate (and ever-shifting) balance between entrepreneurial spirit and business discipline. In response, our business direction and operations are guided by an ongoing cycle of planning what we do, doing it, then checking and revising our plans. Our ultimate guidance comes from the New Belgium Vision, which is comprised of our Purpose, Core Values & Beliefs, and current Mission. Aimed squarely at the current Mission, the Strategic Plan outlines our two- to four-year Priorities and associated progress indicators. The final and most tangible layer of our planning model is the Business Plan, which describes what we aim to accomplish in a given fiscal



year. Direct coworker participation is facilitated throughout these layers of the planning model, with the most prominent instance of involvement taking place at our annual All-Staff Retreat: a day when all sales coworkers come "home" and all of us take a break from the Mothership. We dedicate a day to learning about, poking holes in, getting excited about our company's direction. It is a time to reconnect with one another – never forgetting to have a lot of fun while doing so!

BELGIUM TRIP



Since 1994, we've awarded co-workers a cruiser bike, not unlike the one on the Fat Tire label, after one year of employment. In 1998, with the company at the ripe young age of seven, Kim decided that we should mark 5 years of service with an all-expense paid trip to Belgium.

So, ten years later, over 100 people (and often their significant others) have gone to "the motherland", where beer culture has reached its zenith. With Peter Bouckaert, our Belgian brewmaster leading us to breweries ancient and new, another generation of us becomes inoculated with the passion to create, appreciate, and drink incredible, original beers.

Many of us have shared Jeff's epiphany at Brugs Beertje, as we reaffirm our commitment to our culture, realizing that it was where Jeff decided to create his own brewery,

to bring the wonders of Belgian styles to US drinkers. Because if that epiphany didn't happen, none of us would be together now. Being able to spend this time together, with Kim and Jeff, we never fail to appreciate each other more.



POSSE

Since the 1996, New Belgium has fueled a strong & active culture at the Brewery by sharing ownership with co-workers (today known as the Employee Stock Ownership Program – ESOP) and operating with an Open Book Management philosophy. By doing so, we have maintained a low turnover rate of only 5% and have been recognized as an enjoyable & democratic workplace. As the number of co-workers continued to grow over the years, we wanted to do something that would forever protect the employee owner's voice. So in 2005 "POSSE" was formed. POSSE is a democratically elected group of co-workers who are liasons between the Board of Directors, Compass and Co-Workers. POSSE members take time to listen to their co-workers and encourage our unique ownership culture. [NB: POSSE is ESOP spelled backwards, kind of.]

The group has five regular members (2-year term) and two fast track members (1-year term) who represent diversity in tenure and job responsibility. They meet quarterly and work to foster a clear understanding of employee ownership and encourage trust, belief, and participation.

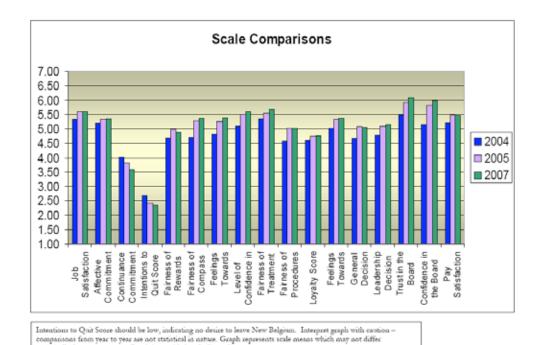
EMPLOYEE OPINION SURVEY

Our vibrant company culture has shaped New Belgium to be who it is today, and we want to make sure we continue to nurture the love and the relationships that make our brewery so special. Every two years, we conduct an anonymous employee opinion survey to see how our co-workers are feeling about working at New Belgium. The areas that need improvement are often then integrated into our Strategic Planning in the coming year while the areas that are flourishing are celebrated and recognized.

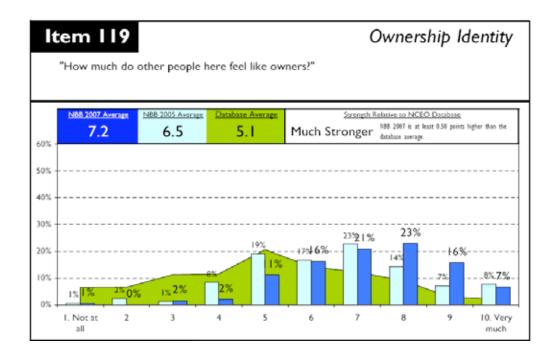
The chart below illustrates the scores from our 2007 survey. On a scale of 1 to 7, "overall employee satisfaction" has always scored over 5. In 2007, our score was 5.60.

New Belgium's scores are extremely high, both in absolute terms and relative to the benchmarking database of employee-ownership companies. New Belgium employees feel substantially like owners and value ownership and aspects of ownership. They feel a very high degree of rights to be involved in decision making at various levels in the company and accept a high level of responsibilities that pair with those rights.

New Belgium Brewing 's Opinion Survey November 2007



statistically from year to year. Graph is provided to facilitate discuss



WELLNESS

Wellness at New Belgium is very important to our culture as it allows us "To operate a profitable company which makes our love and talent manifest." We know happier employees are more productive employees. We also know that to be happy, one must feel well physically and emotionally. Therefore, we place great value on wellness.

It is so important, in fact, that we formed a wellness committee comprised of employees with varied backgrounds and departments within the company's scope. The wellness committee meets once per month and has its own budget to help employees pay for activities such as bike races, triathlons, athletic teams and more. Since the committee is such a passionate and empowered group, the New Belgium family reaps numerous rewards from their work.

If a coworker wants healthier lungs, they can utilize our smoking cessation plan. Or if they need to get to a healthy weight we also provide discounts for a weight loss program. We have some non-traditional employee benefits such as coverage for 12 acupuncture visits per year which sprung from a meeting open to all employees on their thoughts regarding our healthcare plan. This was a direct result of coworkers speaking up.

Instead of an on-site facility, we have discounted gym memberships and a number of shared passes to a local fitness club which can be used by any employee any time. We also have a number of on-site alternatives for fitness. Taking advantage of the warm Brewhouse, we hold yoga classes 2 days a week. Or if you need to express your inner monkey, you can visit the climbing wall offering beautiful views of our wood foedres, elegantly aging La Folie and other wood beers. When bare feet are in season (and even sometimes when they are not), the sand volleyball court is in full bloom each and every Thursday night! Our community kitchen is a great place to cook up a healthy meal from scratch, and you may want to include a few berries you picked just outside the door. A lunch hour at New Belgium frequently sees coworkers sharing meals on the back deck surrounded by our beautiful gardens.

You may have guessed it was time, once again, to talk about the almighty bicycle. It is so prevalent in our culture that it is nearly impossible to avoid. In addition to giving each employee a bicycle on their one-year anniversary, Kim and Jeff made sure the Brewery was built close to the town center so that coworkers could ride their bikes to work and enjoy the elation from doing so. In reality, though, some folks live in the foothills or other places too far to bike. For those cases, we have a stash of loaner bicycles that can be taken on a lunch-time ride or used to run errands. The bicycle keeps us healthy, makes our souls happy, and the miles per gallon are ffi!

NEW PARTNERSHIPS AND RECOGNITION

World Blu

In 2007, New Belgium was honored as one of the Most Democratic Workplaces by World Blu (www.worldblu.com). The List is the result of WorldBlu's global search for organizations practicing democracy in the workplace.

Outside Magazine's Best Place to Work

In 2008 we were flattered to find out that Outside Magazine (www.outsideonline.com) considered New Belgium Brewing to be the best place to work in America! New Belgium was number one on their inaugural "Best Places to Work" list. New Belgium Brewing is ranked number one among companies with 250 or more employees. The full list and related stories are published in the May issue of Outside.

It's a tremendous honor to be recognized as a company where people love what they do and truly enjoy coming to work. One of New Belgium's core values is having fun, and that's a very important and fulfilling piece of our culture.

CLOSING REMARKS

At New Belgium, we will always look to the far horizon for ways of improving our systems, minimizing our impact, and helping other businesses follow their own path toward more sustainable practices. The path towards sustainability will always be a process. New Belgium is committed to examining each choice we face to find the way that best honors both our human stakeholders and the Earth. If you have any questions or suggestions, please write to us (sustainability@newbelgium.com).