

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

FORM 10-K

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

For the fiscal year ended December 27, 1997

OR

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

For the transition period fromto.....

Commission file number: 1-14092

THE BOSTON BEER COMPANY, INC.
(Exact name of registrant as specified in its charter)

MASSACHUSETTS 04-3284048
(State or other jurisdiction of incorporation (I.R.S. Employer
or organization) Identification No.)

75 Arlington Street, Boston, Massachusetts
(Address of principal executive offices)
02116
(Zip Code)

(617) 368-5000
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12 (b) OF THE ACT: None

SECURITIES REGISTERED PURSUANT TO SECTION 12 (g) OF THE ACT:
Class A Common Stock

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of the Class A Common Stock (\$.01 par value) held by non-affiliates of the Registrant totaled \$122,449,913 (based on the closing price of the Company's Class A Common Stock on the New York Stock Exchange on March 13, 1998). All of the Registrant's Class B Common Stock (\$.01 par value) is held by an affiliate.

As of March 13, 1998 there were 16,362,036 shares outstanding of the Company's Class A Common Stock (\$.01 par value) and 4,107,355 shares outstanding of the Company's Class B Common Stock (\$.01 par value).

DOCUMENTS INCORPORATED BY REFERENCE

Certain parts of the Registrant's definitive Proxy Statement for its 1998 Annual Meeting to be held on June 2, 1998 are incorporated by reference into Part III of this report.

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THE BOSTON BEER COMPANY, INC.

PART 1

Item 1. Business

General

Boston Beer is the largest craft brewer in the United States and overall is the eighth largest brewer in the United States. In fiscal 1997, the Company sold 1,168,000 barrels of its proprietary products, which it believes to be more than the next five largest craft brewers combined.

In 1997, in addition to its flagship brand, Samuel Adams Boston Lager(R), the Company produced nineteen beers under the Boston Beer Company name: Boston Ale(R), Lightship(R), Cream Stout, Honey Porter, Scotch Ale, Double Bock, Triple Bock(R), Octoberfest, Winter Lager(R), Cherry Wheat, Summer Ale, Cranberry Lambic, Golden Pilsner, White Ale, Boston Cream(TM) and four beers brewed under the LongShot(R) label. The Company also produces beer and cider sold under the Oregon Original(TM) and Hardcore(R) brand names, respectively. The Company brews certain beers under contract at five breweries located in Pittsburgh, Pennsylvania, Lehigh Valley, Pennsylvania, Portland, Oregon, Rochester, New York, and Lake Oswego, Oregon. The Company also brews most of its brands at a brewery in Cincinnati, Ohio. The Company acquired the equipment and other brewery-related personal property associated with this brewery on March 1, 1997. It will acquire the real property on which the brewery is situated, once certain preconditions are met. The Company also brews beers for the local market at its Boston brewery.

Since its founding in 1984, the Company had operated as Boston Beer Company Limited Partnership, a Massachusetts limited partnership, including through its sole general partner Boston Brewing Company, Inc., a Massachusetts corporation. Through a Recapitalization effected November 1995, The Boston Beer Company, Inc., a Massachusetts corporation, became the parent corporation of Boston Beer Company Limited Partnership and Boston Brewing Company, Inc. As a result of the Recapitalization, all of the ownership interests in Boston Beer Company Limited Partnership are owned, directly or indirectly, by The Boston Beer Company, Inc.

The Company's principal executive offices are located at 75 Arlington Street, 5th Floor, Boston, Massachusetts 02116, and its telephone number is (617) 368-5000.

Industry Background

The Company actively participates in the Better Beer segment of the beer industry. Along with imports and other craft beers, the Company's beers are viewed as a more flavorful, higher priced and more intriguing alternative to the regular domestic beers which make up some 90% of U.S. beer consumption. This Better Beer segment includes craft beers and the bulk of imports, (excluding imported beer volume sold at regular domestic prices primarily along the Canadian and Mexican border). The Better Beer segment is approximately 8% of U.S. beer consumption and has been growing at approximately 5-10% compounded for twenty years. The Company is the largest craft brewer in the U.S. and is the third largest brewer in the Better Beer segment of the U.S. brewing industry following only Corona and Heineken. The terms craft brewer and micro-brewer are often used interchangeably by consumers and within the industry to mean a small, independent brewer whose predominant product is brewed with only traditional brewing processes and ingredients. Craft brewers include contract brewers, small regional brewers, and brewpubs. Craft beers are full-flavored beers brewed by craft brewers with higher quality hops, malted barley, yeast, and water, and without adjuncts such as rice, corn, or stabilizers, and without water dilution

used in beer for mass production and consumption. The Company estimates that in 1997, the craft brew segment accounted for approximately 5 million barrels. Over the five-year period ended December 31, 1997, craft beer shipments have grown at a compounded annual rate of approximately 31%, while total U.S. beer industry shipments have remained substantially level. It should be noted, however, that during 1997 craft beers grew at only an estimated 1%, while the growth of the overall Better Beer category continued in line with its historic trends.

The primary cause for the rapid growth of Better Beers is consumers' rediscovery of and demand for more traditional, full-flavored beers. Before Prohibition, the U.S. beer industry consisted of hundreds of small breweries that brewed such full-flavored beers. Since the end of Prohibition, U.S. brewers have shifted production to less flavorful, lighter beers, which use lower cost ingredients, and can be mass-produced to take advantage of economies of scale in production and advertising. This shift toward these mass-produced beers has coincided with extreme consolidation in the beer industry. Today, three major brewers (Anheuser Busch, Inc., Miller Brewing Co., and Coors Brewing Co.) control approximately 85% of all U.S. beer shipments.

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Per capita beer consumption in the U.S. has declined from its peak in the early 1980's. As consumers began to drink less beer, they focused their consumption on more flavorful or otherwise distinctive beers. Initially, this demand was met by imported beers from Holland, Germany, Canada, and Mexico. Beginning in the late 1980's, domestic craft brewers began selling heavier, more full-flavored beers, usually in small, local geographic markets, and often through their own brewpubs. When Samuel Adams Boston Lager(R) was first brewed in 1984, only a handful of craft breweries existed, few of which distributed outside their immediate geographical area. In response to increased consumer demand for more flavorful beers, the number of craft-brewed beers has increased dramatically. Currently there are more than 500 craft brewers plus approximately 800 brewpubs. In addition to the many independent brewers, the three major brewers have all entered this craft market, either through developing their own beers or by acquiring, in whole or part, or forming partnerships with existing craft brewers.

Business Strategy

The Company's business strategy is to become the leading brewer in the Better Beer market by creating and offering a wide variety of the highest quality full-flavored beers, while increasing sales through new product introductions and substantial trade and consumer awareness programs, supported by a large, well trained sales organization. This strategy is detailed below.

Quality Assurance

As of December 27, 1997 the Company employed ten brewmasters and retained a world recognized brewing authority as consulting brewmaster to monitor the Company's contract brewing operations and control production of its beers. Over 125 tests, tastings, and evaluations are typically required to ensure that each batch of Samuel Adams(R) beer conforms to the Company's standards. For Samuel Adams(R) products, the Company uses only higher quality hops grown in Europe. Its brewing department is supported by a quality control lab at the Company's brewery in Boston. In order to assure that its customers enjoy only the freshest beer, the Company includes a "freshness" date on every bottle of its Samuel Adams(R) and Oregon Original(TM) products. Boston Beer was among the first craft brewers to follow this practice.

Product Innovations

The Company is committed to developing new products in order to introduce beer drinkers to different styles of beer, promote the Samuel Adams(R) product line and to remain a leading innovator. These new products allow the Samuel Adams(R) drinker to try new styles of beer while remaining loyal to the Samuel Adams(R) brand. In 1997 the Samuel Adams(R) product line added two new styles, a seasonal product and a product sold exclusively in Massachusetts. The Company also

introduced hard cider under the HardCore(TM) label. The Company continued to market its Oregon Original(TM) line through the Oregon Beer and Brewing Company. One additional beer was created during 1997 for the Company's venture, marketed under the Devil Mountain name, with Joseph E. Seagram & Sons, Inc. ("Seagram").

Brewing

The Company believes that its strategy of contract brewing, which utilizes the excess capacity of other breweries, gives the Company flexibility as well as quality and cost advantages over its competitors. The Company carefully selects breweries with (i) the capability of utilizing traditional brewing methods, and (ii) first rate quality control capabilities throughout brewing, fermentation, finishing, and packaging. Furthermore, by brewing in multiple locations, the Company can reduce its distribution costs and deliver fresher beer to its customers better than other craft brewers with broad distribution from a single brewery. While the Company currently plans to continue its contract-brewing strategy, it has, as discussed on page 2, acquired an existing brewery in Cincinnati in order to increase its brewing options by way of smaller brew streams and greater brewing flexibility among other reasons and will periodically evaluate the economics involved with acquiring other breweries.

In addition to the Company's breweries in Boston and Cincinnati, the Company currently has relationships with four brewers regarding production of its Samuel Adams(R) and Oregon Original(TM) lines of beers in the U.S., each of which is described in greater detail below. The Company believes that its breweries and its contract brewers have capacity to brew annually approximately one and one half times as much of the Company's beer as the Company sold during fiscal 1997.

The Company continues to brew its Samuel Adams Boston Lager(R) at each of its brewing sites but does not brew all of its other products at each site. Therefore, at any particular time, the Company may be relying on only one supplier for its products other than Samuel Adams Boston Lager(R).

In the event of a labor dispute, governmental action or other events that cause any of the Company's contract breweries to be unable to produce the Company's beer, the Company believes it would be able to increase production at its other contract breweries so as to meet demand for its beer. In such event, however, the Company may experience temporary shortfalls in production and/or increased production or distribution costs, the combination of which could have a material adverse effect on the Company's results of operations.

Pittsburgh Brewing Company. Pittsburgh Brewing's facilities were used to brew approximately 10% and 22% of the Company's total beer production in 1997 and 1996, respectively. The Company's agreement with Pittsburgh Brewing expires in February 1999, subject to termination by the Company, upon thirty days advance notice, if there is a proposed change in control or sale of the assets of Pittsburgh Brewing. The Company is charged a per unit rate for brewing, fermenting, and packaging, as well as the cost of raw materials. Pittsburgh Brewing has the right of first refusal for all beer requirements for the Samuel Adams(R) family of beers for a specified region if it has the ability to meet the quality standards of the Company and is financially sound. Pittsburgh Brewing is required to maintain product liability insurance coverage for products produced for the Company and has agreed to indemnify the Company and its affiliates for certain losses incurred in connection with the manufacturing or packaging of its products.

Pittsburgh Brewing was formerly owned by Pittsburgh Food & Beverage which filed for Chapter 11 bankruptcy protection on February 24, 1995. In November 1995, the Trustee for Pittsburgh Food & Beverage sold the assets of Pittsburgh Brewing to Keystone Brewers, Inc. ("Keystone"), which assumed the brewing contract with the Company. While the Company believes that Pittsburgh Brewing, under Keystone ownership, will continue as a source of supply for the Company, no assurance can be given that Keystone will be able to continue the Pittsburgh operations or that it will not encounter financial or operating difficulties, such as labor

and other employee relations problems which might disrupt its operations.

The Stroh Brewery Company. In January 1997, the Company entered into an amended and restated brewing contract ("Production Agreement") with Stroh related to the production of Samuel Adams(R) beer products at Stroh's Allentown (Lehigh Valley), Pennsylvania, and Portland, Oregon breweries (the "Stroh Breweries"). At the same time, the Company and Stroh also executed a letter agreement setting forth the terms on which the Company may elect to make an investment to facilitate certain expansion efforts at the Lehigh Valley Brewery ("Letter Agreement"). Both the Production Agreement and Letter Agreement have been subsequently amended on various dates in 1997 and 1998. If the Company does not make the proposed investment, the contract will expire on September 14, 1998. Production from the Stroh Breweries represented approximately 50% and 57% of the Company's total beer production in 1997 and 1996, respectively.

Under the amended brewing contract, Stroh has committed access to certain minimum capacity at the Stroh facilities for the Company to brew its Samuel Adams(R) and Oregon Original(TM) lines of products, as well as certain seasonal products. For such access, Stroh charges the Company a per unit rate for production and the Company bears the costs of raw materials, excise taxes, deposits for case pallets and kegs, and a per unit charge for using bulk rather than packaged glass. The contract contains provisions relating to certain cost adjustments if Stroh reallocates production to brewing facilities other than those in Lehigh Valley and Portland.

The Genesee Brewing Company. In May, 1997, the Company amended and restated its brewing contract with Genesee related to the production of Samuel Adams(R) beer products at its Rochester, New York brewery. The Company is charged a per unit rate for the production of beer, as well as the costs of raw materials and excise taxes that Genesee is obligated to pay. This agreement caps the maximum number of barrels that Genesee is obligated to produce for the Company. The Company commenced packaging of products at this brewery during the fourth quarter of 1995. This agreement expires in December 2016. However, Genesee has the right to terminate this agreement if the volume of production during the immediately preceding 12-month period falls below certain levels. The Company has the right to terminate immediately with cause and, subject to certain stated notice periods, also based on the volume of production during the prior 12-months. Production from the Genesee Brewery represented approximately 25% in 1997 and 17% in 1996

The Saxer Brewing Company. In July 1994, the Company's subsidiary, Oregon Beer and Brewing Co., Inc. I ("Oregon Beer"), entered into a brewing contract with Saxer Brewing relating to the production of certain products specified by Oregon Beer and Brewing, bearing the Company's "Oregon Original(TM)" trademark. This agreement expires on July 1, 2004. The products produced for the Company by Saxer Brewing at its facility in Lake Oswego, Oregon ("Lake Oswego Brewery") represents approximately 1% of the Company's beer brewed in 1997 and 1996.

Oregon Beer is charged a per unit rate for the production of beer, as well as the costs of raw materials and excise taxes that Saxer Brewing is obligated to pay as a result of products brewed for Oregon Beer. Oregon Beer has the right to terminate the agreement immediately with cause and otherwise upon providing a 45-day notice. Saxer Brewing has the right to terminate the contract upon providing at least twelve months' notice to Oregon Beer.

The Samuel Adams Brewery Company, Ltd. Since the Company acquired the equipment and other brewery-related personal property of a brewery in Cincinnati, Ohio, on March 1, 1997, the Company has been brewing most of its products in Cincinnati as well as producing alcoholic and non-alcoholic products for contract customers. As soon as certain preconditions are met with respect to the real property on which the brewery in Cincinnati is located, the Company intends to purchase such real estate. The Samuel Adams Brewery Company, Ltd. (the "Cincinnati Brewery") is a wholly owned affiliate of the Company. The production from the Samuel Adams Brewery represented approximately 15% of the Company's total beer production in 1997. In 1996, under a contract with

Schoenling Brewing Company, production at this facility represented approximately 5% of the Company's beer produced.

The Boston Beer Company Brewery. The Company uses its Boston brewery to develop new types of innovative and traditional beers and to supply, in limited quantities, certain beers for the local market. All of its beers are typically brewed at its Boston brewery in the course of a year. Product development entails researching market needs and competitive products, sample brewing, and market taste testing.

Strong Sales and Distribution Presence

Boston Beer sells its products through a sales force, which the Company believes is the largest of any craft brewer and one of the largest in the domestic beer industry. The Company sells its beer to wholesale distributors, which then sell to retailers such as pubs, restaurants, grocery chains, package stores, and other retail outlets. The Company's sales force has a high level of product knowledge, and is trained in the details of the brewing process. Its sales force receives selling skills training each year from outside training experts. Sales representatives typically carry hops, barley, and other samples to educate wholesale and retail buyers as to the quality and taste of its beers. The Company has developed strong relationships with its distributors and retailers, many of which have benefited from the Company's premium pricing strategy and rapid growth.

Advertising and Promotion

The Company has historically invested in advertising and promotion. The Company uses television, radio, outdoor advertising and print media, the latter primarily to the trade. The Company works closely with its distributors and customers to develop and implement promotions designed to increase consumer awareness and sales. Its on-premise promotions, where legal, include beer tastings and extensive use of user-friendly menu cards. Off-premise promotions include incentive contests, periodic discounts to retailers and other programs which often combine consumer, distributor, and retailer elements.

Products marketed

The Company's product strategy is to create and offer a world class variety of traditional beers and to promote the Samuel Adams(R) product line. At the end of 1997, the Company marketed ten year-round and six seasonal beers under the Samuel Adams(R) brand names and four year-round beers under the Oregon Original(TM) brand name. The Company's Samuel Adams Boston Lager(R) has historically accounted for the majority of the Company's sales. From time to time the Company will discontinue certain styles. The following is a list of continuing styles on December 27, 1997.

Beers Year First Brewed or Introduced

Year-Round Beers

Samuel Adams Boston Lager(R)	1984
Samuel Adams Boston Ale(R)	1987
Boston Lightship(R)	1987
Samuel Adams Cream Stout	1993
Samuel Adams Honey Porter	1994
Samuel Adams Triple Bock(R)	1994
Samuel Adams Scotch Ale	1995
Samuel Adams Cherry Wheat	1995
Samuel Adams Golden Pilsner	1996
Samuel Adams Boston Cream(TM)	1997
Oregon Original India Pale Ale	1994
Oregon Original Nut Brown Ale	1994
Oregon Original Raspberry Wheat	1995
Oregon Original Honey Ale	1996

Seasonal Beers

Samuel Adams Double Bock	1988
Samuel Adams Octoberfest	1989
Samuel Adams Winter Lager(R)	1989
Samuel Adams Cranberry Lambic	1989
Samuel Adams Summer Ale	1996
Samuel Adams White Ale	1997

In 1997, the Company expanded its product line with the addition of HardCore(R) hard cider. Two versions of this hard cider were introduced, Crisp and Cranberry, which enabled the Company to enter the small but growing cider category.

On March 19, 1996, the Company entered into an Agreement with Seagram, pursuant to which Seagram sells a line of beers developed jointly by it and the Company under the "Devil Mountain" name. As of December 27, 1997, the Company had spent approximately \$2,240,000 with respect to this venture. The Company does not expect to spend any additional money on the project in 1998. The Agreement also sets forth the circumstances in which the relationship can be terminated and the terms on which rights to the product line will revert to the Company or may be acquired by the Company, as well as the royalty payments which are to be received by the Company beginning in 1998. These payments are not expected to be material.

Ingredients and Packaging

The Company has been successful to date in obtaining sufficient quantities of the ingredients used in the production of its beers. These ingredients include:

Malt. The Company currently directs the purchase of the malt used in the production of its beer to four suppliers, although it enters into discussions from time to time with other vendors. The two-row varieties of barley used in the Company's malt are grown in the U.S. and Canada.

Hops. The Company currently buys principally Noble hops for its Samuel Adams(R) beers. Noble hops are varieties from specific growing areas usually recognized for superior taste and aroma properties and include Hallertau-Hallertauer, Tettnang-Hallertauer, Tettnang-Tettnanger, and Spalt-Spalter from Germany, and Bohemian Saaz from the Czech Republic. Noble hops are rarer and more expensive than other varieties of hops. Traditional English hops, East Kent Goldings and English Fuggles, are used in the Company's ales. The Company has yet to find alternative hops which duplicate the flavor and aroma of the Noble hops and traditional English ale hops. As a result, the Company must purchase sufficient quantities of these Noble hops to continue to meet its sales demands. The Company stores its hops in multiple cold storage warehouses to minimize the impact of a catastrophe at a single site.

The Company purchases its hops from hops dealers, the largest of which (John. Barth & Son) has over the past five years accounted for between 30% and 61% of the hops purchased each year by the Company. The Company has entered into purchase commitments to ensure its supply of a portion of its requirements for up to five years. Because of a slowing in its growth rate, the Company has commitments which are in excess of its projected needs. The Company is now working to reduce its excess commitments. The cost of reducing these commitments may be substantial but is not currently quantifiable. Reducing or deferring the Company's hop commitments may also result in foreign exchange losses, as noted below.

The Company's hops contracts are denominated in German marks or English pounds, depending on the location of the supplier. Prior to late 1996, the Company had, as a practice, not hedged the foreign currency risk associated with these contracts. Through that date, the Company's gains and losses from exchange rate volatility were not material. Beginning in late 1996, the Company began to hedge some of its currency risks. However, the Company's current actions to reduce its excess hop commitments or defer its obligation to accept hops in 1998 are likely to result in as much as \$600,000 in foreign exchange losses in 1998.

Yeast. The Company maintains a supply of proprietary strains of yeast that it supplies to its contract brewers. Since these yeasts would be impossible to duplicate if destroyed, the Company maintains supplies in several locations. In addition, the Company's contract brewers maintain a supply of these yeasts that are reclaimed from the batches of beer brewed. The contract brewers are obligated by their brewing contracts only to use these yeasts to brew the Company's beers and the Company's yeasts cannot be used without the Company's approval to brew any other beers produced at the respective breweries.

Packaging Materials. The Company maintains competitive sources of supply of packaging materials, such as bottles, shipping cases, six-pack carriers, and crowns. Currently, labels are supplied by a single source, although the Company believes that alternative suppliers are available. In those instances where the Company can negotiate preferential pricing, the Company enters into limited term supply agreements with these vendors.

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To date, the Company has not experienced material difficulties in obtaining timely delivery from its suppliers. Although the Company believes there are alternate sources available for the ingredients and packaging materials described above, there can be no assurance that the Company would be able to acquire such ingredients or packaging materials from other sources on a timely or cost effective basis in the event current suppliers were unable to supply them on a timely basis. The loss of a supplier could, in the short-term, adversely affect the Company's business until alternative supply arrangements were secured. Hops and malt are agricultural products and therefore many outside factors such as, weather conditions, crop production, government regulations and legislation affecting agriculture could effect both price and supply.

Sales and Marketing

The Company's products are sold to independent distributors through a large field sales force. With few exceptions, the Company's products are not the primary brands in the distributor's portfolio. Thus, the Company, in addition to competing with other beers for a share of the consumer's business, competes with other beers for a share of the distributor's attention, time, and selling efforts. The Company considers its distributors its primary customers and is focused on the relationship it has with its distributors.

In addition to this distributor focus, the Company has set up its sales organization to include on-premise and retail account specialists. This is designed to develop and strengthen relations at the chain headquarter level, and to provide educational and promotional programs aimed at distributors, retailers, and consumers, in each channel of distribution.

The Company has also engaged in extensive media campaigns, historically weighted toward radio. In 1995, the Company launched its first ever television campaign. Television was used in 1997 and the Company plans on continuing this strategy in 1998. In addition, its sales force complements these efforts by engaging in sponsorships of cultural and community events, local beer festivals, industry-related trade shows, and promotional events at local establishments for sampling and awareness. All of these efforts are designed to stimulate consumer demand by educating consumers, retailers, and distributors, on the qualities of beer. The Company uses a wide array of point-of-sale items (banners, neons, umbrellas, glassware, display pieces, signs, menu stands, etc.) designed to stimulate impulse sales and continued awareness.

Distribution

The Company distributes its beers in every state in the U.S., as well as the District of Columbia and Puerto Rico. The Company distributes its beer through a network of over 450 distributors. During 1997, the Company's two largest distributors combined to account for approximately 8% of the Company's net sales. No other distributors accounted for more than 3% of the Company's net sales during 1997. In some states, the terms of the Company's contracts with its

distributors may be affected by laws that restrict enforceability of some contract terms, especially those related to the Company's right to terminate the services of its distributors.

The Company also distributes its beers to Canada, Germany, Hong Kong, Japan, Sweden, Switzerland, and the United Kingdom, along with select Caribbean islands. Exports, however, represented less than 1% of 1997 revenues.

The Company typically receives orders by the fifth of a month with respect to products to be shipped the following month. Products are shipped within days of completion and, accordingly, there has historically not been any significant product order backlog.

Competition

The craft-brewed and Better Beer segments of the U.S. beer market are highly competitive due to continuing product proliferation from craft brewers and the recent introduction of specialty beers by national brewers. Growth in the sales of craft-brewed beers have increased competition. In 1997, the Company's growth rate was flat. The Company's products also compete generally with other alcoholic beverages, including other segments of the beer industry and low alcohol products. The Company competes with other beer and beverage companies not only for consumer acceptance and loyalty but also for shelf and tap space in retail establishments and for marketing focus by the Company's distributors and their customers, all of which also distribute and sell other beers and alcoholic beverage products. The principal methods of competition in the Better Beer segment of the beer industry include product quality and taste, brand advertising, trade and consumer promotions, pricing, packaging and the development of new products. The competitive position of the Company is enhanced by its uncompromising product quality, its development of new beer styles, innovative point of sale materials, a large sales force, tactical introduction of seasonal beers and pricing strategies generating above-average profits to distributors and retailers.

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The Company expects competition with craft brewers to intensify as existing craft brewers retrench to their key markets and core brands. While some of the smaller micro-brewers and craft brewers have begun to leave the marketplace, new entrants into the market continue and competition, overall, is high. In addition, large brewers have developed or are developing niche brands and are acquiring interests in small brewers to compete in the craft-brewed segment of the domestic beer market. These competitors may have substantially greater financial resources, marketing strength, and distribution networks than the Company.

The Company competes directly with regional specialty brewers such as Sierra Nevada Brewing Company, Pyramid Brewing Company, Anchor Brewing Company, other contract brewers such as Pete's Brewing Company, foreign brewers such as Heineken, Molson, Corona, Amstel, and Becks, and other regional craft brewers and brewpubs. Niche beers produced by affiliates of certain major domestic brewers such as Anheuser-Busch, Incorporated, Miller Brewing Co., and Coors Brewing Co., also compete with the Company's products.

The Company believes that with such a significant portion of its production of beers being produced as a contract brewer, it has competitive advantages over the regional craft brewers because of its higher quality, greater flexibility, and lower initial capital costs. Its use of contract brewing frees up capital for other uses and allows the Company to brew its beer closer to major markets around the country, providing fresher beer to customers and affording lower transportation costs. The Company's recent purchase of a brewery in Cincinnati where it previously contract-brewed its beers, will continue to provide certain logistical advantages while at the same time providing the Company with added flexibility of production through its ownership, which complements its strategy of contract brewing. The Company also believes that its products enjoy competitive advantages over foreign beers, including lower transportation costs, no import charges, and superior product freshness.

Alcoholic Beverage Regulation and Taxation

The manufacture and sale of alcoholic beverages is a highly regulated and taxed business. The Company's operations are subject to more restrictive regulations and increased taxation by federal, state, and local governmental entities than are those of non-alcohol related beverage businesses. Federal, state, and local laws and regulations govern the production and distribution of beer. These laws and regulations govern permitting, licensing, trade practices, labeling, advertising, marketing, distributor relationships, and related matters. Federal, state, and local governmental entities also levy various taxes, license fees, and other similar charges and may require bonds to ensure compliance with applicable laws and regulations. Failure by the Company to comply with applicable federal, state, or local laws and regulations could result in penalties, fees, suspension, or revocation of permits, licenses, or approvals. There can be no assurance that other or more restrictive laws or regulations will not be enacted in the future.

Licenses and Permits

The Company produces beer either at one or more of its contract breweries or produces beer itself and sells it to distributors pursuant to a federal wholesaler's basic permit. Brewery and wholesale operations require various federal, state, and local licenses, permits, and approvals. In addition, some states prohibit wholesalers and/or retailers from holding an interest in any supplier, such as the Company. Violation of such regulations can result in the loss or revocation of existing licenses by the wholesaler, retailer, and/or the supplier. The loss or revocation of any existing licenses, permits, or approvals, and/or failure to obtain any additional or new licenses, including those required as a result of the Recapitalization in 1995, could have a material adverse effect on the ability of the Company to conduct its business. On the federal level, brewers are required to file with the Bureau of Alcohol, Tobacco, and Firearms ("ATF") an amended Brewer's Notice every time there is a material change in the brewing process or brewing equipment, change in the brewery's location, change in the brewery's management, or a material change in the brewery's ownership. Brewers must notify ATF within 30 days of any change in the wholesaler's operations, change in the wholesaler's location, change in the wholesaler's management or a material change in the wholesaler's ownership. The Company's operations are subject to audit and inspection by ATF at any time.

On the state and local level, some jurisdictions merely require notice of any material change in the operations, management, or ownership of a permittee or licensee. Some jurisdictions require advance approvals and require that new licenses, permits, or approvals must be applied for and obtained in the event of a change in the management or ownership of the permittee or licensee. State and local laws and regulations governing the sale of beer within a particular state by an out-of-state brewer or wholesaler vary from locale to locale.

ATF permits and brewer's registrations can be suspended, revoked, or otherwise adversely affected for failure to pay tax, to keep proper accounts, to pay fees, to bond premises, to abide by federal alcoholic beverage production and distribution regulations and to notify ATF of any change (as described above), or if holders of 10% or more of the Company's equity securities are found to be of questionable character. Permits, licenses, and approvals from state regulatory agencies can be revoked for many of the same reasons.

Because of the many and various state and federal licensing and permitting requirements, there is a risk that one or more regulatory authorities could determine that the Company has not complied with applicable licensing or permitting regulations or does not maintain the approvals necessary for it to conduct business within their jurisdictions. There can be no assurance that any such regulatory action would not have a material adverse effect upon the Company or its operating results.

Taxation

The federal government and all of the states levy excise taxes on alcoholic beverages, including beer. For brewers producing no more than 2,000,000 barrels of beer per calendar year, the federal excise tax is \$7.00 per barrel on the first 60,000 barrels of beer removed for consumption or sale during a calendar year, and \$18.00 per barrel for each barrel in excess of 60,000. For brewers producing more than 2,000,000 barrels of beer in a calendar year, the federal excise tax is \$18.00 per barrel. As the brewer of record of its beers, the Company has been able to take advantage of this reduced tax on the first 60,000 barrels of its beers produced. Individual states also impose excise taxes on alcoholic beverages in varying amounts, which have also been subject to change. The state excise taxes are usually paid by the Company's distributors.

In addition, the federal government and each of the states levy taxes on hard cider. Until recently, hard cider had always been taxed as a wine under the Federal wine excise tax at the rate of \$1.07 per gallon (\$33.17 per barrel) for non-effervescent hard cider, which is the classification in which the Company's HardCore(R) product was included. However, on October 1, 1997, the federal government passed an amendment modifying the tax treatment of hard cider, by lowering the federal excise tax rate on qualifying hard cider to 22.6 cents per gallon (\$7.01 per barrel). As of March 10, 1998, the industry is still awaiting clarification from the Bureau of Alcohol, Tobacco and Firearms as to the definition of qualifying hard cider to consider what impact, if any, this amendment will have upon the Company's business. Sales of the Company's HardCore(R) products represent less than 2% of the volume of all of the Company's products.

Congress and state legislators routinely consider various proposals to impose additional excise taxes on the production and distribution of alcoholic beverages, including beer and hard cider. Further increases in excise taxes on beer and/or hard cider, if enacted, could result in a general reduction of sales for the affected products.

Trademarks

The Company has obtained U.S. Trademark Registrations for the marks, Samuel Adams(R), the design logo of Samuel Adams, Samuel Adams Boston Lager(R), Boston Ale(R), Lightship(R), Winter Lager(R), Triple Bock(R), LongShot(R), HardCore(R), Oregon Original(TM) and other marks. The Samuel Adams(R) mark and the Samuel Adams Boston Lager(R) mark (including the design logo of Samuel Adams) and other Company marks are also registered or registration is pending in various foreign countries. The Company regards its "Samuel Adams" and other trademarks as having substantial value and as being an important factor in the marketing of its products. The Company is not aware of any infringing uses that could materially affect its current business or any prior claim to the trademarks that would prevent the Company from using such trademarks in its business. The Company's policy is to pursue registration of its marks whenever possible and to oppose vigorously any infringements of its marks.

The Company occasionally grants, where permissible, short term trademark licenses to independent on-premise retailers of its products.

In 1996, the Company entered into a license arrangement with Whitbread PLC, the fourth largest brewery in the United Kingdom, pursuant to which a new hybrid brew was developed and marketed under the trademark, "Boston Beer". The recipe was developed by Whitbread Beer Company, a subsidiary of Whitbread PLC, with assistance from Boston Beer Company's brewers. The Company owns the trademarks for the new product and has granted Whitbread an exclusive license to use that trademark in Great Britain and Ireland. Boston Beer Company receives a royalty from the sale of this new beer.

On March 19, 1996, the Company entered into a Trademark License and Technical Assistance Agreement with Joseph E. Seagram & Sons, Inc. ("Seagram"), pursuant to which the Company licensed the "Devil Mountain" trademarks for use by Seagram on beers which Seagram developed, with technical assistance from the Company. The Agreement provides for stated royalties to commence in 1998.

In addition, the Company has licensed its trademark, "Samuel Adams Brew House",

"Sam Adams Brew House" and various related marks to certain entities for purposes of establishing licensed Brew Houses at airport locations and elsewhere. The Company does not receive a royalty pursuant to these license arrangements.

Environmental Regulations and Operating Considerations

As the owner of a brewery in Boston, Massachusetts and, as of March 1, 1997, of a brewery in Cincinnati, Ohio, the Company's operations are subject to a variety of extensive and changing federal, state, and local environmental laws, regulations, and ordinances that govern activities or operations that may have adverse effects on human health or the environment. Such laws, regulations or ordinances may impose liability for the cost of remediating, and for certain damages resulting from, sites of past releases of hazardous materials. The Company believes that it currently conducts, and in the past has conducted, its activities and operations in substantial compliance with applicable environmental laws, and believes that costs arising from existing environmental laws will not have a material adverse effect on the Company's financial condition or results of operations. There can be no assurance, however, that environmental laws will not become more stringent in the future or that the Company will not incur costs in the future in order to comply with such laws.

The Company's operations are subject to certain hazards and liability risks faced by all brewers, such as potential contamination of ingredients or products by bacteria or other external agents that may be wrongfully or accidentally introduced into products or packaging. While the Company has never experienced a contamination problem in its products, the occurrence of such a problem could result in a costly product recall and serious damage to the Company's reputation for product quality, as well as giving rise to product liability claims. The Company and its contract brewers maintain insurance which the Company believes is sufficient to cover any liability claims which might result from a contamination problem in its products.

Employees

The Company employs approximately 335 employees. As of December 27, 1997, eighty-four of those employees employed at the Company's newly-acquired brewery in Cincinnati, Ohio, were covered by collective bargaining agreements. The representation involves three labor unions, all of whom are under contracts expiring in 2001 or 2002. The Company believes it maintains a good relationship with those labor unions and has no reason to believe that a good working relationship will not continue. The Company has experienced no work stoppages and believes that its employee relations are good.

Item 2. Properties

The Company maintains its principal corporate offices and a brewery in Boston, Massachusetts. The Company also maintains sales and administrative offices in California, Maryland, Tennessee and Oregon. The Company leases all of its facilities, but will buy the brewery-related real estate in Cincinnati upon satisfaction of certain pre-conditions. The Company believes that its facilities are adequate for its current needs and that suitable additional space will be available on commercially acceptable terms as required.

Item 3. Legal Proceedings

The Company is party to certain claims and litigation in the ordinary course of business. The Company does not believe any of these proceedings will result, individually or in the aggregate, in a material adverse effect upon its financial condition or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter ended December 27, 1997.

DIRECTORS AND OFFICERS OF THE REGISTRANT

Directors:

Pearson C. Cummin, 55, Mr. Cummin has been a General Partner of Consumer Venture Partners, a venture capital company, since 1985. He is also currently Chairman of the Board of Natural Wonders, Inc. and a Director of Pacific Sunwear of California, Inc. He was elected a Director in 1995.

James C. Kautz, 67, Mr. Kautz is currently a Limited Partner of The Goldman Sachs Group, L.P. and the second cousin of the Company's founder and Chief Executive Officer, C. James Koch. Mr. Kautz was elected a Director in 1995.

C. James Koch, 48, Mr. Koch founded the Company in 1984 and has been the Chief Executive Officer throughout the Company's history. Mr. Koch also serves as the Corporation's President and Clerk and is the Company's Principal Executive Officer. Mr. Koch was elected a Director in 1995.

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Alfred W. Rossow, Jr., 65, Mr. Rossow joined the Company in late 1989 and is the Executive Vice President and Chief Financial Officer. Mr. Rossow was elected a Director in 1995.

Rhonda L. Kallman, 37, Ms. Kallman co-founded the Company. She has been Vice President of Sales since 1985. Ms. Kallman was elected a Director in 1995.

Charles Joseph Koch, 75, Mr. Koch is the father of founder C. James Koch. In 1989, Mr. Koch retired as founder and co-owner of Chemicals, Inc., a distributor of brewing and industrial chemicals in southwestern Ohio. Mr. Koch was elected a Director in 1995.

John B. Wing, 51, Mr. Wing has been Chairman and CEO of The Wing Group Limited, Co., a developer of energy projects in Turkey, Kuwait and China, since 1991. Mr. Wing was elected a Director in 1995.

Officers:

C. James Koch, 48, Mr. Koch founded the Company in 1984 and has been the Chief Executive Officer throughout the Company's history. From 1978 to 1984, he was a manufacturing consultant with the Boston Consulting Group, Boston, Massachusetts.

Rhonda L. Kallman, 37, Ms. Kallman co-founded the Company. She has been Vice President-Sales since 1985. From 1982 to 1985, she worked for the Boston Consulting Group, Boston, Massachusetts, as an administrative assistant.

Alfred W. Rossow, Jr., 65, Mr. Rossow is the Executive Vice President and Chief Financial Officer. He joined the Company in late 1989 as both Chief Operating Officer and Chief Financial Officer. Related prior positions in the beverage industry include Vice President-Marketing and Vice President-Sales at Pepsi-Cola Company from 1971 to 1974, Chief Executive Officer of the predecessor company to A&W Beverages, Inc. from 1975 to 1980 and consultant to soft drinks and bottled water companies from 1980 to 1989.

Martin Roper, 35, Mr. Roper is Chief Operating Officer. He has served in his current position since April of 1997. He joined the Company in September 1994 as Vice President-Operations. Prior to that he worked for Steel Works Inc., a manufacture of store fixture equipment, of which he was President of the MEG Division. From July 1990 to October 1992, Mr. Roper was Executive Vice President of Blocksom & Co., a processor of natural fibers. Prior to July, he was an associate consultant with the Boston Consulting Group in London.

John Chappell, 40, Mr. Chappell is Vice President-Brand Development. He joined the Company in 1994 after nine years at Labatt's USA where he was Director of Brand Management. From 1983 to 1985 he worked for PepsiCo in brand management.

David Grinnell, 40, Mr. Grinnell is Manager of Brewing Operations. He joined the Company in 1988 and has served in such capacity since. Prior to joining the Company, Mr. Grinnell held various positions with New Amsterdam Brewing Co.

Susan Stanley, 49, Ms. Stanley is Vice President-Human Resources. She joined the Company in February 1996. Prior to joining the Company, she worked for CSC Index as Managing Associate for three years. From 1991 to 1993 she was the Director of Organization & Employee Development for Colgate-Palmolive. Prior to that she worked for Digital Equipment Company as Senior Organizational Development Manager.

Jeffrey D. White, 40, Mr. White is Vice-President-Operations. He has served in his current position since April of 1997. Prior to that he was Director of Operations from 1994 to 1997, Operations Manager from 1991 to 1994 and was originally hired as Distribution Manager where he served from 1989 to 1991. He worked for Anheuser-Busch from 1988 to 1989 as a Packaging Supervisor and Prior to that for New Amsterdam Brewing Company as Operations Manager.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Company's Class A Common Stock is listed for trading on the New York Stock Exchange. The Company's NYSE symbol is SAM. For the fiscal periods indicated, the high and low sales price for the Class A Common Stock of the Boston Beer Company, Inc. as reported on the New York Stock Exchange-Composite Transaction Reporting System were as follows:

Fiscal 1997	High	Low
- - - - -	----	---
First Quarter	\$10.8750	\$ 8.0000
Second Quarter	\$10.6250	\$ 8.1250
Third Quarter	\$10.0000	\$ 8.2500
Fourth Quarter	\$11.0000	\$ 7.8125

Fiscal 1996	High	Low
- - - - -	----	---
First Quarter	\$24.7500	\$18.3750
Second Quarter	\$24.0000	\$18.2500
Third Quarter	\$23.7500	\$19.0000
Fourth Quarter	\$20.3750	\$10.0000

There were 18,442 holders of record of the Company's Class A Common Stock as of March 13, 1998. Included in the number of stockholders of record are stockholders who hold shares in "nominee" or "street" name. The closing price per share of the Company's Class A Common Stock as of March 13, 1998, as reported under the New York Stock Exchange-Composite Transaction Reporting System, was \$9.375.

The Company's Class B Common Stock is not listed for trading. However, each share of Class B Common Stock is convertible, at any time, at the option of the holder thereof, into one share of Class A Common Stock.

As of March 13, 1998, there was one holder of record of the Company's Class B Common Stock: C. James Koch

The holders of the Class A and Class B Common Stock are entitled to dividends, on a share-for-share basis, only when and if declared by the Board of Directors of the Company out of funds legally available for payment thereof. The Company does not anticipate paying dividends on the Class A or Class B Common Stock in the foreseeable future. It should be further noted that under the terms of the Revolving Credit Agreement, the Company is prohibited from paying dividends.

Item 6. Selected Financial Data

THE BOSTON BEER COMPANY, INC.
SELECTED FINANCIAL DATA

	Year Ended				
	Dec. 27, 1997	Dec. 28, 1996	Dec. 31, 1995	Dec. 31, 1994	Dec. 31, 1993
(in thousands, except per share, per barrel and employee data)					
Income Statement Data:					
Sales	\$209,490	\$213,879	\$169,362	\$128,077	\$85,758
Less excise taxes	25,703	22,763	18,049	13,244	8,607
Net sales	183,787	191,116	151,313	114,833	77,151
Cost of Sales	89,998	95,786	73,847	52,851	35,481
Gross Profit	93,789	95,330	77,466	61,982	41,670
Advertising, promotional, and selling expenses	69,537	70,131	60,461	46,503	32,669
General and administrative	11,666	12,042	7,585	6,593	4,105
Total operating expenses	81,203	82,173	68,046	53,096	36,774
Operating income	12,586	13,157	9,420	8,886	4,896
Other income (expense), net	695	1,714	959	199	(2)
Income before income taxes	13,281	14,871	10,379	9,085	4,894
Provision (benefit) for income taxes (1)	5,723	6,486	(2,195)	-	-
Net income	\$ 7,558	\$ 8,385	\$ 12,574	\$ 9,085	\$ 4,894
Income before income taxes	\$ -	\$ -	\$ 10,379	\$ 9,085	\$ 4,894
Pro forma income taxes (unaudited) (2)	-	-	4,483	3,765	2,040
Pro forma net income (unaudited) (2)	\$ -	\$ -	\$ 5,896	\$ 5,320	\$ 2,854
Earnings per share - basic	\$0.37	\$0.42	-	-	-
Earnings per share - diluted	\$0.37	\$0.41	-	-	-
Pro forma earnings per share - basic (unaudited) (2)	-	-	\$0.35	\$0.32	-
Pro forma earnings per share - diluted (unaudited) (2)	-	-	\$0.33	\$0.29	-
Weighted average shares outstanding - basic (3)	20,324	19,970	16,991	16,642	-
Weighted average shares outstanding - diluted (3)	20,490	20,352	17,906	18,128	-
Statistical Data:					
Barrels sold	1,352	1,213	961	714	475
Net sales per barrel (4)	\$ 136	\$ 158	\$ 158	\$ 161	\$ 162
Employees (4)	335	253	196	138	110
Net sales per employee (4)	\$ 549	\$ 755	\$ 772	\$ 832	\$ 701
Balance Sheet Data at period end:					
Working capital	\$ 50,550	\$ 47,769	\$ 45,266	\$ 3,996	\$ 8,173
Total assets	\$105,399	\$ 97,115	\$ 76,690	\$ 31,776	\$24,054
Total long term debt	\$ 10,000	\$ 1,800	\$ 1,875	\$ 1,950	\$ 2,000
Total partners'/stockholders' equity	\$ 71,284	\$ 64,831	\$ 54,798	\$ 6,600	\$ 8,854
Dividends	-	-	-	-	-

- (1) In 1995, the Company recorded a one-time tax benefit of \$1,960,000 upon change in tax status of the entity, and a tax benefit of \$235,000 for the period November 21, 1995 to December 31, 1995.
- (2) Reflects pro forma provisions for income taxes using statutory federal and state corporate income tax rates that would have been applied had the Company been required to file income tax returns during the indicated period.
See Note B of notes to the consolidated financial statements.
- (3) Reflects weighted average number of common and common equivalent shares of the Class A and Class B Common Stock assumed to be outstanding during the respective periods. For the years ended December 31, 1995 and December 31, 1994, shares reflect pro forma weighted average numbers. See Note B of notes to the consolidated financial statements.

- (4) On March 1, 1997, the Company acquired the equipment and other brewery-related property of a brewery in Cincinnati, Ohio.
(See overview on Page 14)

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

Effective in fiscal 1996, the Company changed its fiscal year to end on the last Saturday in December. The impact on 1997 and 1996 of three and two fewer days of operations, respectively, was not material.

The Company prices its beers at a premium compared to domestic mass-produced beers but at a level consistent with others in the Better Beer category. The Company believes that this pricing is appropriate given the quality and reputation of its core products. The Company expects that its pricing may become subject to change as sales volume and competition increase; however, such expectations have not been realized in a material way.

The Company's gross profit may be affected by the Company's product mix, packaging and brewing location. Seasonal beers tend to be more expensive to produce and the additional expenses may not be fully offset by increased pricing. Increases in sales of seasonal beers, therefore, may reduce the Company's gross profit per barrel in certain quarters. The Company sells its products in bottles and kegs. The ratio of kegs to cases has increased in its "core business" (excluding sales of the Cincinnati Brewery to others). A shift toward a higher proportion of keg sales versus bottle sales may not have a negative impact on profit due to the fact that while kegs generate lower revenue per barrel, there is generally a corresponding reduction in the cost of producing keg products. However, it does reduce the revenue realized per barrel. An increase in sales of the 12 pack package in 1997 has also reduced the revenue realized per case without a corresponding reduction in cost of goods sold.

The financial statements of the Company for the periods prior to the Recapitalization do not include a provision for income taxes. Prior to the Recapitalization, the Company operated solely as Boston Beer Company Limited Partnership. As a partnership, the income of the Company was included in the income tax returns of the Partnership's partners. For information purposes, the statements of income include a pro forma income tax provision on taxable income for financial statement purposes using the effective federal and state rates that would have resulted if the Partnership had filed corporate tax returns during those periods. The Company had historically distributed between 40% and 50% of pre-tax income to its partners for the purpose of funding their tax obligations. Tax payments by the Company following the Recapitalization, therefore, have not caused a material change to the Company's cash flow or liquidity.

Effective March 1, 1997, the Company acquired all of the equipment and other brewery related personal property of an independent brewing company located in Cincinnati, Ohio. The Cincinnati Brewery is currently owned and managed by the Samuel Adams Brewery Company, Ltd., a wholly owned affiliate of the Company. The results of operations of the Samuel Adams Brewery Company, Ltd., since the date of acquisition, are included in the accompanying consolidated financial statements. Primarily because the sales revenue per barrel sold by the Cincinnati Brewery to outsiders is much lower than the comparable revenue of the "core" business, net sales per barrel and net sales per employee are lower in fiscal 1997 than in fiscal 1996.

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Quarterly Results

The Company has historically experienced, and expects to continue experiencing quarterly fluctuations in its sales, operating income and net income. The Company's sales also historically tend to be lower in the first quarter of each year. Sales tend to increase in the third and fourth quarters, while decreasing in the month of December. However, over the last two years, the second quarter has been the strongest quarter for sales. The Company has also historically expended less on advertising, promotion, and selling expenses in the first quarter.

Quarterly sales and quarterly spending on advertising, promotion, and selling expenses are shown in the following table which sets forth certain unaudited quarterly results of operations for each of the eight quarters ended December 27, 1997. In management's opinion, this unaudited information includes all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the information for the quarters presented. The operating results for any quarter are not necessarily indicative of results for any future quarters.

The following is a summary of selected unaudited quarterly financial data:

	Quarters Ended							
	Dec. 27, 1997	Sept. 27, 1997	June 28, 1997	March 29, 1997	Dec. 28, 1996	Sept. 28, 1996	June 29, 1996	March 30, 1996
Barrels Sold	327	357	387	281	301	294	343	275
Sales	\$49,869	\$55,664	\$57,158	\$46,799	\$53,422	\$51,598	\$60,583	\$48,276
Less excise taxes	6,392	7,047	7,320	4,944	5,618	5,486	6,512	5,147
Net sales	43,477	48,617	49,838	41,855	47,804	46,112	54,071	43,129
Cost of sales	21,420	22,000	24,671	21,907	23,955	22,901	27,065	21,865
Gross profit	22,057	26,617	25,167	19,948	23,849	23,211	27,006	21,264
Advertising, promotional, and selling expenses	17,735	17,415	19,829	14,558	18,644	17,118	20,340	14,029
General and administrative expenses	2,449	3,190	3,097	2,930	3,790	2,402	2,867	2,983
Total operating expenses	20,184	20,605	22,926	17,488	22,434	19,520	23,207	17,012
Operating income	1,873	6,012	2,241	2,460	1,415	3,691	3,799	4,252
Other income (expenses), net	284	(243)	304	350	473	437	370	434
Income before income taxes	2,157	5,769	2,545	2,810	1,888	4,128	4,169	4,686
Provision for income taxes	862	2,521	1,110	1,230	800	1,832	1,808	2,046
Net income	\$ 1,295	\$ 3,248	\$ 1,435	\$ 1,580	\$ 1,088	\$ 2,296	\$ 2,361	\$ 2,640
Earnings per share - basic	\$ 0.06	\$ 0.16	\$ 0.07	\$ 0.08	\$ 0.05	\$ 0.12	\$ 0.12	\$ 0.13
Earnings per share - diluted	\$ 0.06	\$ 0.16	\$ 0.07	\$ 0.08	\$ 0.05	\$ 0.11	\$ 0.12	\$ 0.13
Weighted average shares - basic	20,445	20,425	20,325	20,099	20,069	20,051	19,899	19,861
Weighted average shares - diluted	20,574	20,557	20,475	20,356	20,296	20,427	20,320	20,366

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Period to Period Comparison of Results

The following table sets forth certain items included in the Company's consolidated statements of income as a percentage of net sales:

	Percentage of Net Sales		
	Years Ended		
	12/27/97	12/28/96	12/31/95
Gross Sales	114.0%	111.9%	111.9%
Less Excise Taxes	14.0%	11.9%	11.9%
Net Sales	100.0%	100.0%	100.0%

Cost of Sales	49.0%	50.1%	48.8%
	-----	-----	-----
Gross Profit	51.0%	49.9%	51.2%
Advertising, promotional, and selling expense	37.8%	36.7%	40.0%
General and Administrative expenses	6.3%	6.3%	5.0%
	-----	-----	-----
Total operating expenses	44.2%	43.0%	45.0%
	-----	-----	-----
Operating income	6.8%	6.9%	6.2%
Income before income taxes	7.2%	7.8%	8.3%
	-----	-----	-----
Net income	4.1%	4.4%	3.9% (1)
	-----	-----	-----

(1) Pro forma unaudited see Note B.

Years Ended December 27, 1997 and December 28, 1996.

Sales. Volume increased by 11.5% to 1,352,000 barrels in 1997 from 1,213,000 barrels in 1996. This increase in 1997, was due to the inclusion of 184,000 barrels of non-Company products (products which do not carry the Company's trademarks) produced and sold by the Cincinnati Brewery, beginning March 1, 1997. The Company's core brands sold 3.7% fewer barrels in 1997 than in 1996; however sales of Samuel Adams Boston Lager(R) and Seasonals, which make up 73% of the Company's core sales continued to increase. Despite this, net sales decreased by 4% to \$183,787,000 in 1997 from \$191,116,000 in 1996 (for the core business sales decreased to \$181,669,000 in 1997), as sales of products produced by the Cincinnati Brewery under contract to third parties are made at prices much lower than those of other Company products. Net sales price per barrel decreased \$21.62 due primarily to sales of non-company products produced by the Cincinnati Brewery.

Gross Profit. Gross profit decreased to \$93,789,000 in 1997 from \$95,330,000 in 1996. Cost of sales decreased \$12.40 per barrel to 49.0% of net sales in 1997 from 50.1% of net sales in 1996. This decrease was due principally to the following: a decrease in raw material costs, reduced packaging costs (due to a shift in the core business package mix towards kegs, resulting in decreased packaging material costs), lower packaging obsolescence expense and lower freight in and warehousing costs, offset by an increase in depreciation (principally on kegs & the Cincinnati Brewery assets) and a reduction of savings from re-used glass.

Advertising, Promotional, and Selling. Advertising, promotional, and selling expenses decreased by 0.8% to \$69,537,000 in 1997 from \$70,131,000 in 1996. The per barrel expense decreased by \$6.39 to \$51.43 in 1997 from \$57.82 in 1996 primarily as a result of the additional non-promoted barrels from the Cincinnati Brewery (for the core business expenses were \$59.35 per bbl in 1997). As a percentage of net sales, advertising, promotional, and selling expenses increased to 37.8% in 1997 from 36.7% in 1996. The 0.8% decrease in expenditures reflected a change in marketing mix with increased emphasis on selling expenses.

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General and Administrative. General and administrative expenses decreased by 3.1% to \$11,666,000 in 1997 from \$12,042,000 in 1996. This net decrease was primarily caused by a \$2,449,000 reduction in bad debt expense. This was partially offset by the inclusion of G & A expense of the Cincinnati Brewery, as well as increases in personnel, salaries and related employee benefits.

Operating Income. Operating income decreased by 4.3% to \$12,586,000 in 1997 from \$13,157,000 in 1996. This decrease was due primarily to the inclusion of the Cincinnati Brewery which recorded a loss in 1997. This loss was partially offset by the savings in G & A expense and Advertising, Promotional and Selling expenses as discussed above.

Other Income, Net. Other income, net, decreased by 59.5% to \$695,000 in 1997

from \$1,714,000 in 1996. This decrease of \$1,019,000 is primarily due to an increase in interest expense due to borrowings against the revolving line of credit and our long term note and a charge for the repurchase of an overseas distribution right in Western Europe.

Net Income. Net income decreased by 9.9% to \$7,558,000 in 1997 from \$8,385,000 in 1996. The decrease is due to a reduction in operating income of \$571,000 and other income of \$1,019,000 as discussed above. This decrease is offset by a reduction in income tax expense of 11.8% in 1997 to \$5,723,000 from \$6,486,000 in 1996.

Years Ended December 28, 1996 and December 31, 1995.

Sales. Volume increased by 26.2% to 1,213,000 in 1996 from 961,000 barrels in 1995. Net sales increased by 26.3% to \$191,116,000 in 1996 from \$151,313,000 in 1995. Sales volume reflected continued growth in Samuel Adams Boston Lager(R), increases in the volume of seasonal beers and Oregon Original(TM) beers, and the introduction of Golden Pilsner and the Longshot(TM) line of beers. The average net sales price per barrel increased \$.10 due primarily to an increase in selling prices offset by increases in quality assurance and in customer discounts.

Gross Profit. Gross profit increased by 23.1% to \$95,330,000 in 1996 from \$77,466,000 in 1995. Cost of sales per barrel increased to 50.1% of net sales in 1996 from 48.8% of net sales in 1995. This increase was due principally to increased obsolescence expense (consisting primarily of a write down of re-used glass and work-in-process), higher depreciation (principally on kegs) and a reduction in re-used glass savings, offset only partially by a net decrease in raw material cost and packaging costs.

Advertising, Promotional, and Selling. Advertising, promotional, and selling expenses increased by 16.0% to \$70,131,000 in 1996 from \$60,461,000 in 1995. The per barrel expense actually decreased by \$5.09 to \$57.82 in 1996 from \$62.91 in 1995. As a percentage of net sales, advertising, promotional, and selling expenses decreased to 36.7% in 1996 from 40.0% in 1995. The aggregate dollar increase in advertising, promotional, and selling expenses reflected increases in purchases of point of sales materials, advertising, and promotional expenses, freight, and salaries and related employee benefits. These expenses include expenditures for advertising, promotions, and selling expenses for new product introductions not related to the Samuel Adams(R) product line.

General and Administrative. General and administrative expenses increased by 58.8% to \$12,042,000 in 1996 from \$7,585,000 in 1995. This increase of \$4,457,000 was primarily caused by an increase of \$1,722,000 in bad debt expense, which are both customer specific and general in nature, and increases in personnel and salaries and related employee benefits, additional leased space at the executive office, and additional costs related to the Company becoming a public entity.

Other Income, Net. Other income, net, increased by 78.7% to \$1,714,000 in 1996 from \$959,000 in 1995. This increase of \$755,000 reflects \$1,480,000 increase in interest income on the proceeds of the November, 1995 stock offering, offset by the \$807,000 one-time gain on the sale of distribution rights sold in 1995. Interest expense remained relatively stable from 1995 to 1996. It should be noted that the interest income earned during 1995 on the proceeds from the stock offering in November, 1995 reflects a period of approximately one and one half months versus an entire year during 1996.

Net Income. Net income decreased by 33.3% to \$8,385,000 in 1996 from \$12,574,000 in 1995. The decrease is due to an income tax expense of \$6,486,000 in 1996 versus an income tax benefit of \$2,195,000 in 1995. This decrease is offset by an increase in other income of \$755,000 and an increase in operating income of \$3,737,000 as discussed above.

Pro Forma Net Income. Net income increased by 42.2% to \$8,385,000 in 1996 from a pro forma net income of \$5,896,000 in 1995. The increase in net income is comprised of a net increase in other income of \$755,000 and a net increase in operating income of \$3,737,000, as discussed above. This increase is somewhat

offset by a \$2,003,000 increase in state and federal income taxes (reflecting the higher graduated tax brackets applicable to the higher income before tax).

Liquidity and Capital Resources

The Company's financial condition continued to be strong in 1997 due primarily to the unspent net proceeds raised by its initial public offering. Effective on March 21, 1997, the Company negotiated an additional \$1,000,000 on the existing \$14,000,000 revolving line of credit, and secured an additional revolving line of credit of \$30,000,000 which converts to a term loan on March 31, 1999. With a substantial amount of highly liquid assets and working capital of \$50,550,000 at December 27, 1997, capital resources in conjunction with existing lines of credit should be sufficient to meet the Company's operating, capital, and debt service requirements over the next few years.

As of December 27, 1997, net borrowings were \$10,000,000. The Company repaid the remaining \$1,875,000 owed under the MIFA loan on July 15, 1997. The Company could invest as much as \$25,000,000 in capital expenditures in 1998 to upgrade packaging and brewing equipment in both owned and contracted breweries and to secure its sources of supply. At this level of expenditure the Company's \$30,000,000 revolving line of credit could be fully utilized during the year.

Operating activities provided cash of \$6,983,000 in 1997 compared to \$15,763,000 in 1996. The primary cause of this reduction was due to a substantial decrease in accounts payable, principally due to the timing of the receipt of hops at year end 1996, and an increase in inventory versus last year. Cash used in investment activities increased by \$7,730,000, primarily due to increased capital spending. Cash provided by financing activities primarily reflects the \$10,000,000 borrowed by the Company on the \$30,000,000 revolver.

Assuming there is no significant change in the Company's business, the Company believes that the existing cash and short term investments as well as cash flows from operations and the existing lines of credit will be sufficient to meet its working capital requirements for at least the next twelve months.

Certain Factors Affecting Future Operating Results

Statements made or incorporated in this Form 10-K include a number of forward-looking statements within the meaning of Section 27A of the Securities Act of 1993 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include, without limitation, statements containing the words "anticipates", "believes", "expects", "intends", "future" and words of similar import which express management's belief, expectations, or intentions regarding the Company's future performance. The Company's actual results could differ materially from those set forth in the forward-looking statements.

The Company may experience significant fluctuations in future operating results, which may be caused by many factors, including, but not limited to (1) further slowing of the growth rate of the craft brewing segment; (2) share-of-market erosion due to increased competition; (3) increased promotional expenditures versus historical spending and versus the 1997 operating plan; (4) higher-than-planned costs of operating the Samuel Adams brewery in Cincinnati; (5) an unexpected increase in raw material or packaging costs which cannot be passed along through increased prices; (6) slower-than-planned acceptance of Hardcore(R) cider by the trade and consumer; and (7) inability of Oregon Original(TM) beers and other Samuel Adams(R) styles to maintain historic growth rates.

Many computer systems experience problems handling dates beyond the year 1999. Therefore, some computer hardware and software will need to be modified prior to the year 2000 in order to remain functional. The Company is assessing both the internal readiness of its systems as well the compliance of its vendors for the handling of the year 2000. The Company expects to implement successfully the systems and programming changes necessary to address year 2000 issues, and does not believe that the cost of such actions will have a material effect on the

Company's results of operations or financial condition. There can be no assurance, however, that there will not be a delay in, or increased costs associated with, the implementation of such changes, and the Company's inability to implement such changes could have an adverse effect on future results of operations.

Item 8. Financial Statements and Supplementary Data

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All schedules are omitted because the required information is shown in the financial statements or the notes thereto.	

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
The Boston Beer Company, Inc.

We have audited the accompanying consolidated balance sheets of The Boston Beer Company, Inc. (formerly Boston Beer Company Limited Partnership) as of December 27, 1997 and December 28, 1996, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three fiscal years in the period ended December 27, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Boston Beer

Company, Inc. as of December 27, 1997 and December 28, 1996, and the consolidated results of its operations and its cash flows for each of the three fiscal years in the period ended December 27, 1997, in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.

Boston, Massachusetts
February 13, 1998

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THE BOSTON BEER COMPANY, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	December 27, 1997 ----	December 28, 1996 ----
ASSETS		
Current Assets:		
Cash & cash equivalents	\$ 13	\$ 5,060
Short term investments	35,787	35,926
Accounts receivable	17,636	18,109
Allowance for doubtful accounts	(1,153)	(1,930)
Inventories	13,675	13,002
Prepaid expenses	4,344	1,236
Deferred income taxes	2,266	2,968
Other current assets	1,308	3,882
	-----	-----
Total current assets	73,876	78,253
Restricted investments	-	611
Equipment and leasehold improvements, at cost	39,652	21,043
Accumulated depreciation	(10,871)	(6,412)
Deferred income taxes	-	151
Other assets	2,742	3,469
	-----	-----
Total assets	\$105,399 =====	\$97,115 =====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 9,556	\$17,783
Accrued expenses	13,770	12,626
Current maturities of long-term debt	-	75
	-----	-----
Total current liabilities	23,326	30,484
Long-term debt, less current maturities	10,000	1,800
Long-term deferred taxes	789	-
Commitments and Contingencies (Note I)	-	-
Stockholders' Equity:		
Class A Common Stock, \$.01 par value; 20,300,000 shares authorized; 16,337,744, and 15,972,058 issued and outstanding as of December 27, 1997 and December 28, 1996, respectively	163	160
Class B Common Stock, \$.01 par value; 4,200,000 shares authorized; 4,107,355 issued and outstanding as of December 27, 1997 and December 28, 1996, respectively	41	41
Additional paid-in-capital	56,445	55,391
Unearned compensation	(423)	(363)
Unrealized loss on investments in marketable securities	(2,223)	(442)
Unrealized gain/(loss) on forward exchange contracts	(290)	31
Retained earnings	17,571	10,013
	-----	-----
Total stockholders' equity	71,284 -----	64,831 -----

Total liabilities and stockholders' equity	\$105,399	\$97,115
	=====	=====

The accompanying notes are an integral part of the financial statements.

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THE BOSTON BEER COMPANY, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	For the Years Ended		
	December 27, 1997	December 28, 1996	December 31, 1995
	----	----	----
Sales	\$209,490	\$213,879	\$169,362
Less excise taxes	25,703	22,763	18,049
	-----	-----	-----
Net sales	183,787	191,116	151,313
Cost of sales	89,998	95,786	73,847
	-----	-----	-----
Gross profit	93,789	95,330	77,466
Operating expenses:			
Advertising, promotional and selling expenses	69,537	70,131	60,461
General and administrative expenses	11,666	12,042	7,585
	-----	-----	-----
Total operating expenses	81,203	82,173	68,046
	-----	-----	-----
Operating income	12,586	13,157	9,420
Other income (expense):			
Interest income	1,772	1,932	452
Interest expense	(759)	(236)	(250)
Other income, net	(318)	18	757
	-----	-----	-----
Total other income	695	1,714	959
Income before income taxes	13,281	14,871	10,379
Provision (benefit) for income taxes	5,723	6,486	(2,195)
	-----	-----	-----
Net income	\$ 7,558	\$ 8,385	\$ 12,574
	=====	=====	=====
Pro forma data (unaudited) (Note B):			
Income before pro forma income taxes			10,379
Pro forma income tax expense			4,483

Pro forma net income			\$ 5,896
			=====
Net income per common share - basic	\$ 0.37	\$ 0.42	\$ 0.35 (1)
	=====	=====	=====
Net income per common share - diluted	\$ 0.37	\$ 0.41	\$ 0.33 (1)
	=====	=====	=====
Weighted average number of common shares - basic	20,324	19,970	16,991 (1)
	=====	=====	=====
Weighted average number of common shares - diluted	20,490	20,352	17,906 (1)
	=====	=====	=====

(1) Pro forma, (unaudited) (see Note B).

The accompanying notes are an integral part of the financial statements.

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THE BOSTON BEER COMPANY, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the three years ended December 27, 1997,
December 28, 1996, and December 31, 1995
(in thousands)

General Partner	Limited Partner	Unearned Compensation	Total Partners' Equity	Class A Common Stock	Class B Common Stock
-----------------	-----------------	-----------------------	------------------------	----------------------	----------------------

Balance December 31, 1994	232	6,368		6,600		
Net income - January 1 through November 20, 1995 allocated to the Partnership, thereafter to the Company	2,694	8,252		10,946		
Partner distributions	(4,712)	(14,343)		(19,055)		
Conversion of incentive/ investment stock plans to stock option/purchase plans		4,763	(618)	4,145		
Stock options issued		141	(141)	-		
Amortization of unearned compensation expense			250	250		
Contributed capital upon recapitalization	1,786	(5,181)	509	(2,886)	\$ 125	\$ 41
Common stock issued					31	
Balance December 31, 1995	-	-	-	-	156	41
Net income						
Unearned compensation on stock options granted						
Forfeiture of unvested stock options						
Stock options exercised					4	
Tax benefit related to exercise of employee stock options						
Proceeds from sale under stock purchase plan						
Repurchase of shares under employee investment and incentive share plans						
Amortization of unearned compensation expense						
Unrealized loss on short term investments						
Unrealized gain on forward exchange contract						
Balance December 28, 1996	-	-	-	-	160	41
Net income						
Unearned compensation on stock options granted						
Stock options exercised					3	
Amortization of unearned compensation expense						
Unrealized loss on short term investments						
Unrealized loss on forward exchange contract						
Balance December 27, 1997	\$ -	\$ -	\$ -	\$ -	\$ 163	\$ 41

	Additional Paid in Capital	Unearned Compensation	Unrealized Gains/Losses	Retained Earnings	Total Stockholders Equity
Balance December 31, 1994					
Net income - January 1 through November 20, 1995 allocated to the Partnership, thereafter to the Company				\$ 1,628	1,628
Partner distributions					
Conversion of incentive/ investment stock plans to stock option/purchase plans					
Stock options issued					
Amortization of unearned compensation expense					
Contributed capital upon recapitalization	3,822	\$ (509)			3,479
Common stock issued	49,660				49,691
Balance December 31, 1995	53,482	(509)		1,628	54,798
Net income				8,385	8,385
Unearned compensation on stock options granted	157	(157)			-
Forfeiture of unvested stock options	(144)	144			-
Stock options exercised	556				560
Tax benefit related to exercise of employee stock options	1,376				1,376
Proceeds from sale under stock purchase plan	40				40
Repurchase of shares under employee investment and incentive share plans	(103)				(103)
Amortization of unearned compensation expense	27	159			186
Unrealized loss on short term investments			(442)		(442)
Unrealized gain on forward exchange contract			31		31
Balance December 28, 1996	55,391	(363)	(411)	10,013	64,831
Net income				7,558	7,558
Unearned compensation					

on stock options granted	430	(430)		-
Stock options exercised	574			577
Amortization of unearned compensation expense	50	370		420
Unrealized loss on short term investments			(1,781)	(1,781)
Unrealized loss on forward exchange contract			(321)	(321)
Balance December 27, 1997	\$56,445	\$ (423)	\$ (2,513)	\$ 17,751
				\$ 71,284

The accompanying notes are an integral part of the financial statements.

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THE BOSTON BEER COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years ended		
	December 27, 1997	December 28, 1996	December 31, 1995
Cash flows from operating activities:			
Net income	\$ 7,558	\$ 8,385	\$ 12,574 (1)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4,501	3,030	1,565
(Gain) loss on disposal of fixed asset	(23)	(4)	38
Bad debt expense (recovery)	(617)	1,832	(557)
Stock option compensation expense	420	186	250
Changes in assets & liabilities:			
Accounts receivable	313	(1,921)	(5,473)
Inventory	287	(3,722)	(1,525)
Prepaid expenses	(2,995)	(799)	64
Other current assets	2,253	(1,993)	(753)
Deferred taxes	1,642	(331)	(2,195)
Other assets	727	(743)	(2,459)
Accounts payable	(8,227)	7,990	(666)
Accrued expenses	1,144	3,853	1,577
Total adjustments	(575)	7,378	(10,134)
Net cash provided by operating activities	6,983	15,763	2,440
Cash flows for investing activities:			
Acquisition of certain assets of the Schoenling Brewery Company	(4,438)	-	-
Purchases of fixed assets	(15,286)	(11,359)	(4,268)
Proceeds on disposal of fixed assets	23	4	45
Net (purchases) maturities of government securities	(1,642)	2,648	(27,027)
Purchase of marketable securities	-	(4,286)	-
Purchases of restricted investments	(625)	(1,225)	(612)
Maturities of restricted investments	1,236	1,216	615
Net cash used in investing activities	(20,732)	(13,002)	(31,247)
Cash flows from financing activities:			
Proceeds from issuance of common stock	-	-	49,691
Proceeds from exercise of stock option plans	577	560	-
Proceeds from sale under stock purchase plan	-	40	-
Repurchase of shares under employee investment and incentive share plans	-	(103)	-
Principal payments on long-term debt	(1,875)	(75)	(50)
Net Borrowings under Term Loan	10,000	-	-
Partners' distributions	-	-	(19,055)
Net cash provided by financing activities	8,702	422	30,586
Net increase (decrease) in cash and cash equivalents	(5,047)	3,183	1,779
Cash and cash equivalents at beginning of period	5,060	1,877	98
Cash and cash equivalents at end of period	\$ 13	\$ 5,060	\$ 1,877
Supplemental disclosure of cash flow information:			
Interest paid	\$ 687	\$ 224	\$ 252
Taxes paid	\$ 7,243	\$ 5,992	-

(1) Net income for the fiscal year ended December 31, 1995 is before pro forma income taxes. See Note B.

The accompanying notes are an integral part of the financial statements.

THE BOSTON BEER COMPANY, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A. Basis of Presentation:

The Boston Beer Company, Inc. (the "Company"), is engaged in the business of brewing and selling beer, ale and cider products throughout the United States and in select international markets. On November 20, 1995, in connection with the initial public offering of the Company's stock effected that date, the non-corporate limited partners transferred their respective partnership interests to the Company and the owners of the general partner and corporate limited partners transferred their respective ownership interests in such entities to the Company. In exchange, the transferors received an aggregate of 16,641,740 shares of the Company's common stock on a pro rata basis, based on their then respective percentage equity interests in the Partnership. The aforementioned transactions are collectively referred to hereinafter as the "Recapitalization."

B. Summary of Significant Accounting Policies:

Fiscal Year

Effective in fiscal 1996, the Company changed its fiscal year to end on the last Saturday in December. The impact on the last two years of operations was not material.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its subsidiaries, and the Partnership. All intercompany accounts and transactions have been eliminated.

Revenue Recognition

Revenue is recognized when goods are shipped to customers.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and short-term, highly liquid investments with original maturities of three months or less at the time of purchase.

Short Term Investments and Restricted Investments

Short term investments consist primarily of marketable equity securities and money market funds backed by U.S. Government securities. All short term investments have been classified as available-for-sale and are reported at fair value with unrealized gains and losses included in stockholders' equity. Fair value is based on quoted market prices as of December 27, 1997.

Restricted investments consisted solely of the unexpended proceeds from the \$2,200,000 loan the Company took out in 1988 with the Massachusetts Industrial Finance Authority ("MIFA"). The loan was paid in full in 1997.

Inventories

Inventories, which consist principally of hops, bottles, and packaging, are stated at the lower of cost, determined on a first-in, first-out (FIFO) basis, or market.

Risks & Uncertainties

The Better Beer segment is an extremely competitive environment and the Company faces competition from many companies considerably larger and with more resources than the Company. As the industry continues to consolidate the

historical growth rate of the Company may not be maintained and price pressures may reduce the revenue the Company may earn. Packaging and raw material prices may also increase and because of the competitive market place the Company may not be able to pass these increases on. The continued supply of raw materials could also be affected since they are mainly agricultural and supply may be effected by many reasons.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affected the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

THE BOSTON BEER COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

B. Summary of Significant Accounting Policies (Continued):

Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of temporary cash, short-term investments, and trade receivables. The Company places its temporary cash and short-term investments with high credit quality financial institutions. The Company sells primarily to independent beer and ale distributors across the United States. Receivables arising from these sales are not collateralized; however, credit risk is minimized as a result of the large and diverse nature of the Company's customer base. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends, and other information.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are recorded at cost. Expenditures for maintenance, repairs, and renewals are charged to expense; major improvements are capitalized. Upon retirement or sale, the cost of the assets disposed of and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the determination of net income. Provision for depreciation is computed on the straight-line method based upon the estimated useful lives of the underlying assets as follows:

Kegs	3 to 5 years
Office equipment and furniture	3 to 5 years
Leasehold improvements	5 years, or the life of the lease, whichever is shorter
Plant and equipment	10 to 20 years

Deposits

The Company recognizes a liability for estimated refundable deposits in kegs and for unclaimed deposits on bottles which are subject to state regulations. Total redemption's associated with reusable bottles during the years ended December 27, 1997, December 28, 1996, and December 31, 1995 were \$2,284,000, \$3,053,000, and \$1,441,000 respectively.

Fair Value of Financial Instruments

The carrying amount of the Company's long term debt, including current maturities, approximates fair value because the interest rates on these instruments change with market interest rates. The carrying amounts for accounts

receivable and accounts payable approximate their fair values due to the short term maturity of these instruments.

Advertising and Sales Promotions

Advertising and sales promotional programs are charged to expense during the period in which they are incurred. Total advertising and sales promotional expense for the years ended December 27, 1997, December 28, 1996, and December 31, 1995, were \$33,469,000, \$35,730,000, and \$35,039,000 respectively.

Purchase Commitments

The Company recognizes losses on hop purchase commitments when amounts from the sale price of the related product are expected to be less than the cost of the product. The Company has not historically experienced any losses related to hop purchase commitments.

Forward Exchange

Unrealized gains and losses on contracts designated as hedges of existing purchase commitments are recorded as exchange rates change and are recorded as a component of Stockholders' Equity. Realized gains and losses are recognized when the contracts are exercised.

The Company enters into foreign currency forward exchange contracts to protect itself from adverse currency rate fluctuations on foreign currency commitments entered into in the ordinary course of business. These commitments are for terms of less than one year. The foreign currency forward exchange contracts are executed with creditworthy banks and are denominated in German Marks, English Pounds and French Francs. The gains and losses relating to these foreign currency exchange contracts are deferred and included in the measurement of the foreign currency transaction subject to the hedge.

THE BOSTON BEER COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

B. Summary of Significant Accounting Policies (Continued):

Income Taxes

The Company records income taxes under the asset and liability method whereby deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured by applying enacted tax rates for the taxable years in which those differences are expected to reverse.

Pro Forma Income Taxes (unaudited)

The financial statements of the Company for the periods prior to the Recapitalization do not include a provision for income taxes because the taxable income of the Company, up until the effective date of the Recapitalization, is included in the income tax returns of the Partnership's partners and former Subchapter S corporation's shareholder. The statements of income include a pro forma income tax provision on taxable income for financial statement purposes using an estimated effective federal and state income tax rate which would have resulted if the Partnership and Subchapter S corporation had filed a corporate income tax return during those periods.

Earnings Per Share

Earnings per share is based on the weighted average number of shares outstanding during the period after consideration of the dilutive effect, if any, for stock options. Statement of Financial Accounting Standards No. 128 "Earnings Per

Share", requires dual presentation of basic and diluted EPS. SFAS 128 has been adopted in the Company's 1997 financial statements with comparable disclosures for the prior years.

Pro Forma Earnings Per Share (unaudited)

Pro forma earnings per share is based on the weighted average number of common and common equivalent shares outstanding during the period (assuming a conversion of partnership units for the period prior to the Recapitalization), and an additional 3,109,279 shares issued during November 1995 in connection with the Company's initial public offering. In addition, pursuant to the rules of the Securities and Exchange Commission, approximately 273,000 shares in 1995 have been included in the share calculation representing distributions in excess of net income. The calculation includes 686,000 common equivalent shares for the year ended December 31, 1995, using the treasury stock method.

New Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income." This statement requires that changes in comprehensive income be shown in a financial statement that is displayed with the same prominence as other financial statements. The statement is effective for annual periods beginning after December 15, 1997 and the Company will adopt its provisions in fiscal 1998. Reclassification for earlier periods is required for comparative purposes. While this pronouncement will effect additional disclosure, the statement will not have an impact on its financial position or results of operations.

In June 1997, the FASB issued SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information," which changes the manner in which public companies report information about their operating segments. SFAS No. 131, which is based on the management approach to segment reporting, establishes requirements to report selected segment information quarterly and to report entity-wide disclosures about products and services, major customers, and the geographic locations in which the entity holds assets and reports revenue. Management is currently evaluating the effects of this change on its reporting of segment information. The Company will adopt SFAS No. 131 for its fiscal year ending 1998.

Reclassifications

Beginning in 1996, certain expenses which were previously classified as general and administrative expenses were reclassified as advertising, promotional, and selling expenses. All financial information has been restated to conform with the 1996 presentation. Certain other prior year amounts have also been reclassified to conform with the current year's presentation.

C. Acquisition of certain assets of the Schoenling Brewery Company:

Effective March 1, 1997, the Company acquired all of the equipment and other brewery related personal property of an independent brewing company located in Cincinnati, Ohio at a purchase price of approximately \$4,438,000, which approximates the fair value of the assets purchased. The Company believes this acquisition will complement the contract breweries currently utilized by giving the Company greater flexibility for brewing production and adding to the existing brewing capacity. The Cincinnati Brewery is currently managed by the Samuel Adams Brewery Company, Ltd., a wholly owned affiliate of the Company. The results of operations of the Samuel Adams Brewery Company, Ltd., since the date of acquisition, are included in the accompanying consolidated financial statements. The pro forma effect of this acquisition was immaterial.

D. Short Term Investments:

Short term investments consist of a marketable security having a cost of \$4,286,000 and a market value of \$2,063,000 in 1997 and \$3,844,000 in 1996, which results in an unrealized loss of \$2,223,000 in 1997 and \$442,000 in 1996. The Company also has investments in money market funds backed by U.S. Government securities having a cost of \$33,725,000 and \$32,082,000 at December 27, 1997 and December 28, 1996, respectively, which approximates fair value.

E. Inventories:

	December 27, ----- 1997 ----	December 28, ----- 1996 ----
	(in thousands)	
Raw material, principally hops	\$12,481	\$12,677
Work in process	511	-
Finished goods	683	325
	----- \$13,675	----- \$13,002
	=====	=====

F. Equipment and Leasehold Improvements:

	December 27, ----- 1997 ----	December 28, ----- 1996 ----
	(in thousands)	
Kegs and equipment	\$32,929	\$16,457
Office equipment and furniture	4,257	3,527
Leasehold improvements	2,466	1,059
	----- \$39,652	----- \$21,043
Less accumulated depreciation	10,871	6,412
	----- \$28,781	----- \$14,631
	=====	=====

The Company recorded depreciation expense related to these assets of \$4,501,000, \$2,886,000, and \$1,565,000 for the years ended December 27, 1997, December 28, 1996, and December 31, 1995, respectively.

G. Accrued Expenses:

	December 27 ----- 1997 ----	December 28, ----- 1996 ----
	(in thousands)	
Advertising	\$ 4,835	\$ 4,019
Keg deposits	2,245	1,813
Employee wages and reimbursements	2,506	1,906
Point of sale related accruals	1,499	1,288
Other accrued liabilities	2,685	3,600
	----- \$13,770	----- \$12,626
	=====	=====

(Continued)

H. Long-Term Debt and Line of Credit:

During 1988, the Company entered into a \$2,200,000 loan with the Massachusetts Industrial Finance Authority ("MIFA"). As of December 28, 1996, \$1,875,000 was outstanding. During 1997, the Company paid off the loan in full.

On March 21, 1997, the Company entered into a credit agreement to increase its existing \$14,000,000 line of credit to \$15,000,000 ("the \$15,000,000 line") and to establish an additional \$30,000,000 line of credit ("the \$30,000,000 line"). On March 31, 1999, the \$15,000,000 line expires and the balance outstanding under the \$30,000,000 line converts to a term note. Principal payments on the term note are payable in twenty quarterly installments, with the final payment due at maturity, December 31, 2003. Through March 31, 1999, interest is payable either quarterly or upon expiration on terms of 30, 60 or 90 days at the Prime Rate (8.50% and 8.25% at December 27, 1997 and December 28, 1996, respectively) or the applicable Adjusted Libor Rate plus .50%, respectively. After March 31, 1999, interest on the term note is payable quarterly at either the Prime Rate or the applicable Adjusted Libor Rate plus .75%.

As of December 27, 1997, \$ 0 and \$10,000,000 are outstanding under the \$15,000,000 and \$30,000,000 lines, respectively. The Company must pay a commitment fee of .15% per annum on the average daily unused portion of the total \$45,000,000 commitment. Additionally, the Company is obligated to meet certain financial covenants, including the maintenance of specified levels of tangible net worth and net income. As of December 28, 1996 the Company had no borrowings outstanding under the line of credit.

I. Income Taxes:

Income Taxes

Effective with the Recapitalization described in Note A, the Company became subject to federal and state income taxes. The historical income tax benefit reflects the recording of a one-time tax benefit of \$1,960,000 upon the change in tax status of the entity as required by SFAS 109, and a tax benefit of \$235,000 for the period from November 21 to December 31, 1995. Significant components of the Company's deferred tax assets and liabilities as of December 27, 1997 and December 28, 1996 are as follows:

	(In thousands)					
	1997			1996		
	Current	Long-Term	Total	Current	Long-Term	Total
Total						
Deferred tax assets:						
Incentive/investment unit and option plan	\$ 11	\$ 892	\$ 903	\$ 11	\$1,052	\$1,063
Accrued expenses not currently deductible	1,160	-	1,160	943	-	943
Reserves	1,253	-	1,253	1,828	-	1,828
Deferred Compensation	-	117	117	-	90	90
Other	(94)	8	(86)	250	(2)	248
Total deferred tax assets	2,330	1,017	3,347	3,032	1,140	4,172
Deferred tax liabilities:						
Depreciation	-	(1,693)	(1,693)	-	(814)	(814)
Tax installment sale	(64)	(113)	(177)	(64)	(175)	(239)
Net deferred tax assets	\$2,266	\$ (789)	\$ 1,477	\$2,968	\$ 151	\$3,119

Based upon prior earnings history and expected future taxable income, the Company does not believe that a valuation allowance is required for the net deferred tax asset.

(Continued)

I. Income Taxes: (Continued):

Significant components of the income tax provision (benefit) for income taxes for the years ended December 27, 1997 and December 28, 1996 are as follows:

	(In thousands)	
	1997	1996
	-----	-----
Current:		
Federal	\$3,096	\$5,261
State	985	1,556
	-----	-----
Total Current	4,081	6,817
Deferred:		
Federal	1,286	(251)
State	356	(80)
	-----	-----
Total deferred	\$1,642	\$ (331)
	-----	-----
Total income tax expense (benefit)	\$5,723	\$6,486
	=====	=====

	1997	1996
	-----	-----
Statutory rate	35.00%	35.00%
State income tax, net of federal benefit	6.57%	6.50%
Meals & Entertainment	2.62%	1.83%
Other	-1.10%	0.27%
	-----	-----
	43.09%	43.60%
	=====	=====

J. Commitments and Contingencies:

Purchase Commitments

In the normal course of business, the Company has entered into various supply agreements with brewing companies. These agreements are cancelable by the Company and by the brewing companies with advanced written notice. Title to beer products brewed under these arrangements remains with the brewing company until shipped by it and accordingly, the liquid is not reflected as inventory by the Company in the accompanying financial statements. The Company is required to reimburse the supplier for all unused material and beer products on termination of the agreements and under certain conditions to purchase excess materials. At December 27, 1997, there was approximately \$3,180,000 of material and beer products in process at the brewing companies which had not yet been transferred to the Company. Purchases under these agreements for the years ended December 27, 1997, December 28, 1996, and December 31, 1995 were approximately \$43,075,000, \$57,766,000, and \$41,199,000, respectively. The reduction of purchases under the agreements are attributed to production being done at the Samuel Adams Brewery Company.

The Company has entered into contracts for the supply of a portion of its hops

requirements. These purchase contracts, which expire at various dates through 2004, specify both the quantities and prices the Company is committed to. The prices are denominated in German marks and English pound sterling. The amount of the hop commitments outstanding at December 27, 1997 in U.S. dollars, is \$43,337,000. Purchases under these contracts for the years ended December 27, 1997, December 28, 1996, and December 31, 1995 were approximately \$8,908,000, \$10,000,000, and \$5,924,000 respectively. The performance of the dealers under such contracts may be materially affected by factors such as adverse weather, the imposition of export restrictions and changes in currency exchange rates resulting in increased prices.

At December 27, 1997, the Company had outstanding purchase commitments of approximately \$9,300,000 principally related to capital expenditures and advertising expenditures. There is a possibility the Company could expend additional capital investments at the brewing locations in the approximate range of \$25,000,000 during 1998.

THE BOSTON BEER COMPANY, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (Continued)

J. Commitments and Contingencies (Continued):

Lease Commitments

The Company has various operating lease agreements primarily involving real estate. Terms of the leases include purchase options, renewals, and maintenance costs, and vary by lease. These lease obligations expire at various dates through 2009.

Minimum annual rental payments under these agreements are as follows:

(in thousands)

1998.....	\$ 791
1999.....	789
2000.....	785
2001.....	644
2002.....	220
Thereafter.....	1,182

	\$4,411
	=====

Rent expense for the years ended December 27, 1997, December 28, 1996, and December 31, 1995 was approximately \$760,000, \$512,000, and \$340,000 respectively.

Distribution

The Company's two largest distributors combined accounted for approximately 8% of the Company's net sales.

License Agreement

The Company signed a contract in March, 1996, with a major beverage company with respect to a transaction in which that company will license and sell a new craft brew beer whose trademark and trade names are owned by the Company. The Company has expensed approximately \$805,000 and \$1,435,000 during 1997 and 1996, respectively, and does not expect to spend any additional money on this project. The agreement also sets forth the circumstances in which the relationship can be terminated and the terms on which rights to the product will revert to the Company or may be reacquired by the Company, as well as the royalty payments which are to be received beginning in 1998. These payments are not expected to be material.

Litigation

In early 1996, Boston Brewing Company, Inc. ("Boston Brewing"), an affiliate of both Boston Beer Company Limited Partnership and The Boston Beer Company, Inc., had an action filed against it in a court in England by one of its distributors. The action was settled in 1997 and was not material.

In addition, the Company is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the Company.

K. Common Stock:

Initial Public Offering

On November 20, 1995, the Company completed an initial public offering and sold an aggregate of 3,109,279 shares of Common Stock, of which 990,000 shares were sold for \$15.00 per share in a best efforts offering and 2,119,279 shares were sold for \$20.00 in an underwritten offering, resulting in net proceeds, after deducting underwriting discounts and expenses, of \$49,691,000. In addition, as described in Note A, upon Recapitalization the owners of the general and corporate limited partners transferred their respective ownership interests to the Company. In exchange, the transferors received an aggregate of 16,641,740 shares of the Company's common stock on a pro rata basis based on their then respective equity interest in the Partnership. The total number of shares of Class A and Class B Common Stock outstanding after completion of the offering was 19,751,019.

THE BOSTON BEER COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

K. Common Stock: (Continued):

Upon Recapitalization, the Company recognized no gain or loss upon receipt of the units of the Partnership from individual partners, and no gain or loss upon receipt of stock in the corporate partners from the stockholders of the corporate partners in exchange for the Company's stock based upon an opinion from the Company's legal counsel interpreting the Internal Revenue Code of 1986, as amended (the "Code"), the regulations of the Treasury Department (the "Regulations"), and judicial opinions interpreting the Code. The opinion is qualified by detailed and material limitations set forth in the opinion concerning, among other things, the possibility of Regulations being adopted with a retroactive effect. Any new legislation, changes to and clarifications of the administrative positions of the IRS, including by way of amendments to existing Regulations or adoption of new Regulations, and subsequent judicial decisions including any retroactive effects could have a material consequence to the Company.

Stock Compensation Plan

The Company's Employee Equity Incentive Plan (the "Equity Plan") was amended effective December 19, 1997. The equity plan was the successor to the Partnership's 1995 Management Option Plan, which was, in turn, the successor to a series of the Partnership's Incentive Share Plans. In connection with the Recapitalization, the grants under the Partnership's Incentive Share Plans, as adjusted for the one and one half conversion of partnerships units, became grants to acquire Class A Common Stock. On October 20, 1997 and December 19, 1997, respectively, the Equity Plan was amended to delete the provision which allowed management options to be granted at \$.01 per share and to add an additional 1,000,000 authorized shares to the Equity Plan.

The Plan permits the grant of discretionary options and investment shares. The Plan is administered by the Board of Directors, based on recommendations

received from the Compensation Committee of the Board of Directors. The Compensation Committee consists of non-employee directors.

The Committee may also grant to eligible employees discretionary options to acquire shares of Class A Common Stock upon such terms and conditions, including exercise price, as the Committee shall determine.

Information related to the options granted under the Equity Plan is as follows:

	Shares	Option Price	Weighted Average Exercise Price
	-----	-----	-----
Outstanding at December 31, 1995	1,002,677	\$.01 - 14.00	\$ 4.40
Granted	403,729	\$.01 - 25.56	\$ 13.15
Canceled	(10,749)	\$.01 - 20.00	\$ 2.19
Exercised	(264,530)	\$.01 - 20.00	\$ 2.45
	-----	-----	-----
Outstanding at December 28, 1996	1,131,127	\$.01 - 25.56	\$ 8.00
Granted	267,857	\$.01 - 9.53	\$ 9.25
Canceled	(61,314)	\$.01 - 25.56	\$ 15.31
Exercised	(369,958)	\$.01 - 2.00	\$ 1.65
	-----	-----	-----
Outstanding at December 27, 1997	967,712	\$.01 - 25.56	\$ 10.32

As of December 27, 1997, 292,364 stock options were exercisable.

The Equity Plan also permits Company employees who have been with the Company for at least one year to invest up to ten percent of their annual earnings in Class A Common Stock ("Investment Shares"). The price at which Investment Shares are issued to participating employees is at a discount from current market value of from 0% to 40% based on the employee's tenure with the Company. These shares vest ratably over a five year period. At December 27, 1997 and December 28, 1996, there were 23,766 and 66,249 investment shares issued and outstanding, of which 11,340 and 55,269 shares were vested.

Prior to the Recapitalization, the Partnership had various other employee investment unit plans in which eligible employees could purchase the economic equivalent of partnership units at not less than 60% of the unit value. The total expense recognized for the years ended December 31, 1995 and 1994, approximated \$20,000 representing all discount amortized over the related vesting period.

THE BOSTON BEER COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

K. Common Stock: (Continued):

Upon Recapitalization, the investment units were replaced with 67,731 investment shares. Effective with the issuance of the shares, approximately \$411,000 of the investment unit plan accrued liability recorded was reclassified as equity in consideration of the stock issued.

The Company has reserved 1,085,812 and 235,594 shares of Class A Common Stock for issuance pursuant to the Equity Plan at December 27, 1997 and December 28, 1996, respectively.

In October 1995, the FASB issued SFAS 123, "Accounting for Stock-Based Compensation." SFAS is effective for periods beginning after December 15, 1995. The Company adopted the disclosure provisions of SFAS 123 in 1996 and has applied APB Opinion 25 and related Interpretations for its stock option plan. Had compensation cost for the Company's stock-based compensation plans been determined based on the fair value at the grant dates as calculated in

accordance with SFAS 123, the Company's net income and earnings per share for the years ended December 28, 1996 and December 31, 1995 would have been reduced to the pro forma amounts indicated below:

(in thousands, except per share amounts)

	1997		1996	
	Earnings Per		Earnings Per	
	Net Income	Share	Net Income	Share
As Reported - Basic	\$7,558	\$0.37	\$8,385	\$0.42
As Reported - Diluted	\$7,558	\$0.37	\$8,385	\$0.41
Pro forma - Basic	\$7,117	\$0.35	\$8,305	\$0.42
Pro forma - Diluted	\$7,117	\$0.35	\$8,305	\$0.41

The fair value of each stock option is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: an expected life of from 5.5 years to 6.5 years for stock options, expected volatility of 45%, a dividend yield of 0%, and a risk-free interest rate that ranges from 5.43% to 7.79%, depending upon the term of the respective stock options. The weighted average fair value of stock options granted in 1997 and 1996 was \$5.46 and \$7.06, respectively.

Because some options vest over several years and additional awards may be made each year, the pro-forma amounts above may not be representative of the effects on net income for future years.

In 1997, there were no options granted with an exercise price that exceeded fair value. In 1997, there were 7,857 management options granted, net of forfeiture, at an exercise price of \$.01 per share, which was less than fair value. Therefore, the weighted average exercise price of these grants were \$.01. In 1996, there were 10,000 discretionary options granted with an exercise price that exceeded fair value, and the weighted average exercise price of this single option grant was \$25.56.

The following table summarizes information about stock options outstanding at December 27, 1997:

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise-Price	Number Exercisable	Weighted-Average Exercise Price
\$.01-\$ 2.50	117,829	4 years	\$.32	91,965	\$.41
\$ 7.00-\$16.00	814,883	10 years	\$11.44	186,149	\$11.37
\$17.00-\$23.00	35,000	9 years	\$20.08	14,250	\$19.20
Total	967,712			292,364	

K. Common Stock: (Continued):

During 1997 and 1996, there were 0 and 2,577 shares, respectively, granted and

exercised pursuant to the terms of the Company's Investment Share Program under the Equity Plan. The weighted average grant price for grants made in 1996 was \$15.26. As of December 28, 1996, the number of restricted shares was 16,399.

The Company recognized compensation expense of \$420,000 and \$186,000 under the described programs for the years ending December 27, 1997 and December 28, 1996, respectively.

L. Financial Instruments:

During 1997 the Company entered into forward exchange contracts to reduce exposure to currency movements affecting existing foreign currency denominated firm commitments. At the time the Company entered into the foreign exchange contracts, those contracts' durations matched the duration of the currency position. The future value of the contracts and the related currency position are subject to offsetting market risk resulting from foreign currency exchange rate volatility. The carrying amounts of the contracts and the unrealized gain (loss) recognized as a component of Stockholders' Equity totaled \$9,254,000 and (\$290,000) respectively, at December 27, 1997 versus \$1,195,000 and \$31,070, respectively, at December 28, 1996. Fair value of the contracts approximates the carrying value adjusted for gains and losses.

M. Related Party Transactions:

The Company has a deferred compensation agreement with its Chief Financial Officer which calls for specific payments upon retirement on or after April 1, 2000 with pro-rated annual payments called for upon early retirement. The Company has expensed approximately \$61,000, \$59,000, and \$56,000 for the three years ended December 27, 1997, December 28, 1996 and December 31, 1995, respectively.

N. 401 (k) Savings Plan and Multi Employer Benefit Plans:

During 1993, the Company established the Boston Beer Company 401(k) Savings Plan (the "Plan"). The Plan is a defined contribution plan which covers substantially all of the Company's employees. Participants may make voluntary contributions of their annual compensation. The Company made contributions to the Plan in each of the three years ended December 27, 1997, December 28, 1996, and December 31, 1995 of \$356,000, \$280,000, and \$175,000 respectively.

Certain hourly paid workers in Cincinnati are covered by the Samuel Adams Local Union #1199 Defined Benefit Pension Plan. The Company contributes approximately \$50,000 per year to this plan. Certain hourly paid workers in Cincinnati are also covered by two Multi Employer Retirement Plans. The Company contributes approximately \$20,000 per year to these plans.

O. Sale of Distribution Rights:

In September 1995, the Company sold its distribution rights to a major metropolitan area and associated receivables and inventories for approximately \$1,200,000 and the assumption of certain deposit liabilities and truck leases. On closing approximately \$420,000 was paid in cash with the remainder in the form of a note which is payable in equal monthly installments of \$13,000 plus interest at 10% per annum. This transaction resulted in a gain to the Company of approximately \$807,000 and is included in other income.

P. Valuation and Qualifying Accounts:

The information required to be included in Schedule II, Valuation and Qualifying Accounts, for the years ended December 27, 1997, December 28, 1996, and December 31, 1995 is as follows:

P. Valuation and Qualifying Accounts: (Continued):

	Balance at Beginning of Period -----	Additions Charged to Costs and Expenses -----	Net Additions (Deductions) -----	Balance At End of Period -----
	(in thousands)			
Allowance for Doubtful Accounts				
1995	\$ 182	107	(114)	175
1996	175	1,832	(77)	1,930
1997	1,930	(617)	(160)	1,153
Inventory Reserves				
1995	\$ 248	782	(1,014)	16
1996	16	2,860	(386)	2,490
1997	2,490	271	(704)	2,057

Deductions from allowance for doubtful accounts represent the write-off of uncollectable balances whereas deductions from inventory reserves represent inventory destroyed in the normal course of business.

Q. Net Income per Share:

The following table sets forth the computation of basic and diluted earnings per share:

	(in thousands)		
	1997	1996	1995
Net income.....	\$ 7,558	\$ 8,385	\$ 5,896
Shares used in net income per common share - basic.....	20,324	19,970	16,991
Dilutive effect on common equivalent shares	166	382	915
Shares used in net income per common share - diluted.....	20,490	20,352	17,905
Net income per common share - basic.....	\$ 0.37	\$ 0.42	\$ 0.35
Net income per common share - diluted.....	\$ 0.37	\$ 0.41	\$ 0.33

Item 9. Changes in and Disagreements with Accountants on Financial Disclosures

None.

PART III

Item 10. Director and Executive Officers of the Registrant

The information required by Item 10 is hereby incorporated by reference from the Registrant's definitive Proxy Statement for the 1998 Annual Meeting to be held on June 2, 1998.

Item 11. Executive Compensation

The information required by Item 11 is hereby incorporated by reference from the Registrant's definitive Proxy Statement for the 1998 Annual Meeting to be held on June 2, 1998.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by Item 12 is hereby incorporated by reference from the Registrant's definitive Proxy Statement for the 1998 Annual Meeting to be held on June 2, 1998.

Item 13. Certain Relationships and Related Transactions

The information required by Item 13 is hereby incorporated by reference from the Registrant's definitive Proxy Statement for the 1998 Annual Meeting to be held on June 2, 1998.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a)(1) Consolidated Financial Statements

The following consolidated financial statements of The Boston Beer Company, Inc. are included in Item 8 of Part II of this report:

Report of Independent Accountants on page 20 of this report

Consolidated Balance Sheets at December 27, 1997 and December 28, 1996 on page 21 of this report

Consolidated Statements of Income for the Years Ended December 27, 1997, December 28, 1996, and December 31, 1995 on page 22 of this report

Consolidated Statements of Stockholders' Equity for the Years Ended December 27, 1997, December 28, 1996, and December 31, 1995 on page 23 of this report

Consolidated Statements of Cash Flows for the Years Ended December 27, 1997, December 28, 1996, and December 31, 1995 on page 24 of this report

Notes to Consolidated Financial Statements on pages 25 to 35 of this report

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Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

(a)(2) Financial Statement Schedule

The following financial statement schedule is included in this report.

Schedule II -- Valuation and Qualifying Accounts on page 35.

The Report of Independent Accountants is included on page 20 of this report.

All other schedules for which provision is made in Regulation S-X of the Securities and Exchange Commission, are not required under the

related instructions or are not applicable and, therefore, have been omitted.

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

(a)(3) Exhibits

The following is a list of exhibits filed as part of this report:

Exhibit No. -----	Title -----
3.1	Articles of Organization (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement No. 33-96162).
3.2	By-Laws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement No. 33-96162).
3.3	Restated Articles of Organization of the Company.
3.4	Amended and Restated By-Laws of the Company.
4.1	Form of Class A Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement No. 33-96164).
10.1	Revolving Credit Agreement between Fleet Bank of Massachusetts, N.A. and Boston Beer Company Limited Partnership (the "Partnership"), dated as of May 2, 1995 (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement No. 33-96162).
10.2	Loan Security and Trust Agreement, dated October 1, 1987, among Massachusetts Industrial Finance Agency, the Partnership and The First National Bank of Boston, as Trustee, as amended (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement No. 33-96164).
10.3	Deferred Compensation Agreement between the Partnership and Alfred W. Rossow, Jr., effective December 1, 1992 (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement No. 33-96162).
10.4	The Boston Beer Company, Inc. Employee Equity Incentive Plan, as adopted effective November 20, 1995 and amended effective February 23, 1996 (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement No. 333-1798).
10.5	Form of Employment Agreement between the Partnership and employees (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement No. 33-96162).
10.6	Services Agreement between The Boston Beer Company, Inc. and Chemical Mellon Shareholder Services, dated as of October 27, 1995.
10.7	Form of Indemnification Agreement between the

Partnership and certain employees and Advisory Committee members (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement No. 33-96162).

10.8 Stockholder Rights Agreement, dated as of December, 1995, among The Boston Beer Company, Inc. and the initial Stockholders.

+10.10 Agreement between Boston Brewing Company, Inc. and The Stroh Brewery Company, dated as of January 31, 1994 (incorporated by reference to Exhibit 10.9 to the Company's Registration Statement No. 33-96164).

+10.11 Agreement between Boston Brewing Company, Inc. and the Genesee Brewing Company, dated as of July 25, 1995 (incorporated by reference to Exhibit 10.10 to the Company's Registration Statement No. 33-96164).

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Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

Exhibit Index (Continued)

Exhibit No. -----	Title -----
+10.12	Amended and Restated Agreement between Pittsburgh Brewing Company and Boston Brewing Company, Inc. dated as of February 28, 1989 (incorporated by reference to Exhibit 10.11 to the Company's Registration Statement No. 33-96164).
10.13	Amendment to Amended and Restated Agreement between Pittsburgh Brewing Company, Boston Brewing Company, Inc., and G. Heileman Brewing Company, Inc., dated December 13, 1989 (incorporated by reference to Exhibit 10.12 to the Company's Registration Statement No. 33-96162).
+10.14	Second Amendment to Amended and Restated Agreement between Pittsburgh Brewing Company and Boston Brewing Company, Inc. dated as of August 3, 1992 (incorporated by reference to Exhibit 10.13 to the Company's Registration Statement No. 33-96164).
+10.15	Third Amendment to Amended and Restated Agreement between Pittsburgh Brewing Company and Boston Brewing Company, Inc. dated December 1, 1994 (incorporated by reference to Exhibit 10.14 to the Company's Registration Statement No. 33-96164).
10.16	Fourth Amendment to Amended and Restated Agreement between Pittsburgh Brewing Company and Boston Brewing Company, Inc. dated as of April 7, 1995 (incorporated by reference to Exhibit 10.16 to the Company's Registration Statement No. 33-96162).
+10.17	Letter Agreement between Boston Beer Company Limited Partnership and Joseph E. Seagram & Sons, Inc. (incorporated by reference to Exhibit 10.17 to the Company's Registration Statement No. 33-96162).
10.18	Services Agreement and Fee Schedule of Mellon Bank,

N.A. Escrow Agent Services for The Boston Beer Company, Inc. dated as of October 27, 1995).

- 10.19 Amendment to Revolving Credit Agreement between Fleet Bank of Massachusetts, N.A. and the Partnership (incorporated by reference to Exhibit 10.18 to the Company's Registration Statement No. 33-96164).
- 10.20 1996 Stock Option Plan for Non-Employee Directors.
- +10.21 Production Agreement between The Stroh Brewery Company and Boston Beer Company Limited Partnership, dated January 14, 1997.
- +10.22 Letter Agreement between The Stroh Brewery Company and Boston Beer Company Limited Partnership, dated January 14, 1997.
- +10.23 Agreement between Boston Beer Company Limited Partnership and The Schoenling Brewing Company, dated May 22, 1996.
- 10.24 Revolving Credit Agreement between Fleet Bank of Massachusetts, N.A. and The Boston Beer Company, Inc., dated as of March 21, 1997 (incorporated by reference to the Company's Form 10-Q, filed on May 12, 1997).
- +10.25 Amended and Restated Agreement between Boston Brewing Company, Inc. and the Genesee Brewing Company, Inc. dated April 30, 1997 (incorporated by reference to the Company's Form 10-Q, filed on August 11, 1997).

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Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

Exhibit Index (Continued)

Exhibit No. -----	Title -----
*+10.26	Fifth Amendment, dated December 31, 1997, to Amended and Restated Agreement between Pittsburgh Brewing Company and Boston Brewing Company, Inc.
*+10.27	Extension letters, dated August 19, 1997, November 19, 1997, December 19, 1997, January 22, 1998, February 25, 1998 and March 11, 1998 between The Stroh Brewery Company and Boston Brewing Company, Inc.
*+10.28	Employee Equity Incentive Plan, as amended and effective on December 19, 1997.
*+10.29	1996 Stock Option Plan for Non-Employee Directors, as amended and effective on December 19, 1997.
*11	Schedule of Computation of Pro Forma Earnings Per Share.
*21.1	List of subsidiaries of The Boston Beer Company, Inc.

*23.1 Consent of Coopers and Lybrand L.L.P., independent accountants with respect to the Partnership, as Exhibit 24 to this report.

*27 Financial Data Schedule (electronic filing only).

* Filed with this report.

+ Portions of this Exhibit have been omitted pursuant to an application for an order declaring confidential treatment filed with the Securities and Exchange Commission.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 25th of March, 1998.

THE BOSTON BEER COMPANY, INC.

/s/ C. JAMES KOCH

C. James Koch
President

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ C. JAMES KOCH	President, Chief Executive Officer, Clerk and Director (principal executive officer)	
/s/ ALFRED W. ROSSOW, JR	Treasurer, Chief Financial Officer (principal financial and accounting officer and Director)	
/s/ RHONDA L. KALLMAN	Director	
/s/ CHARLES JOSEPH KOCH	Director	
/s/ PEARSON C. CUMMIN, III	Director	
/s/ JAMES C. KAUTZ	Director	
/s/ JOHN B. WING	Director	

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Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

Exhibit 10.26

(Expurgated Copy)

FIFTH AMENDMENT TO AMENDED AND RESTATED AGREEMENT BETWEEN PITTSBURGH BREWING
COMPANY AND BOSTON BREWING COMPANY

AGREEMENT entered into effective as of the 31st day of December, 1997 by and between Pittsburgh Brewing Company of Pittsburgh, Pennsylvania, a Pennsylvania corporation ("Pittsburgh Brewing") and Boston Brewing Company, Inc., d/b/a Boston Beer Company, a Massachusetts corporation ("Boston Brewing").

Whereas, Pittsburgh Brewing and Boston Brewing are parties to a certain Amended and Restated Agreement dated as of February 28, 1989, as amended by Amendments dated December 13, 1989, August 3, 1992, December 1, 1994 and April 7, 1995 (herein collectively referred to as the "Agreement"), pursuant to which, in relevant part, Pittsburgh Brewing agreed to brew, package and sell to Boston Brewing the Beer Products.

Whereas, Pittsburgh Brewing and Boston Brewing wish to further amend the Agreement to delete certain provisions pursuant to which Boston Brewing is required to (deletion for expurgation) to Pittsburgh Brewing with respect to (deletion for expurgation) and, in lieu thereof, to provide for (deletion for expurgation) or the date of any earlier termination of the Agreement, as provided therein.

All capitalized terms used in this Amendment and not otherwise defined herein shall have the respective meanings set forth in the Agreement.

ACCORDINGLY, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereby agree, as follows:

1. Paragraphs 21(a) and 21(b) of the Agreement, as amended in the Second Amendment to the Agreement, dated August 3, 1992, be and they hereby are deleted in their entirety, and the following is substituted in lieu thereof:

"During the term of this Agreement, commencing as of January 1, (deletion for expurgation) and expiring on (deletion for expurgation), unless earlier terminated, Boston Brewing agrees to (deletion for expurgation). For the avoidance of doubt, this (deletion for expurgation) Fee is in lieu of, and not in addition to, the obligations of Boston Brewing to (deletion for expurgation) which existed prior to the date of this Fifth Amendment to the Agreement."

Except as expressly set forth, all other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Fifth Amendment as of the date first above written.

PITTSBURGH BREWING COMPANY

BOSTON BREWING COMPANY, INC.
d/b/a Boston Beer Company

By: /s/ JAMES M. GEHRIG

By: /s/ MARTIN F. ROPER

James M. Gehrig, Chief Financial
Officer

Martin F. Roper, Vice President

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

Exhibit 10.27
- -----

August 19, 1997

THE STROH BREWERY COMPANY
100 River Place
Detroit, Michigan 48207

Attention: Christopher T. Sortwell
Senior Vice President, Finance

Re: Production Agreement, dated January 14, 1997, between The Stroh
Brewery Company ("Stroh") and Boston Beer Company Limited
Partnership ("Boston Beer") (the "Production Agreement") and
Letter Agreement, dated January 14, 1997, between Stroh and
Boston Beer ("Letter Agreement")

Ladies and Gentlemen:

The following is intended to set forth the agreement reached between Stroh and
Boston Beer with respect to the Investment (as defined) referred to in each of
the Production Agreement and the Letter Agreement.

1. The first sentence of Section 12 of the Production Agreement is hereby
deleted and the following is substituted in lieu thereof:

"Boston Beer and Stroh hereby confirm Boston Beer's right and
obligation to (deleted for expurgation) , in accordance with the Letter of
Intent dated January 14, 1997 previously executed by the Parties, as amended on
the date hereof (the "Letter of Intent").

2. All references in the Letter Agreement to "September 30, 1997" are
hereby deleted and substituted with "November 30, 1997".

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

Exhibit 10.27 (Continued)
- -----

THE STROH BREWERY COMPANY
Page 2
August 19, 1997

If the above accurately sets forth your understanding of the agreement reached,
please sign and return the enclosed copy of this letter indicating your
acceptance.

Very truly yours,

BOSTON BEER COMPANY LIMITED PARTNERSHIP
By: Boston Brewing Company, Inc., its General Partner

By: /s/ MARTIN F. ROPER

Martin F. Roper, Vice President

ACCEPTED and agreed to this 22nd day of August, 1997.

THE STROH BREWERY COMPANY

By: /s/ CHRISTOPHER T. SORTWELL

Christopher T. Sortwell, Senior Vice President

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

Exhibit 10.27 (Continued)

November 19, 1997

THE STROH BREWERY COMPANY

100 River Place
Detroit, MI 48207

Attention: Christopher T. Sortwell, Senior Vice President, Finance

Re: Production Agreement, dated January 14, 1997, between The Stroh Brewery Company ("Stroh") and Boston Beer Company Limited Partnership ("Boston Beer") (the "Production Agreement"), Letter Agreement, dated January 14, 1997, between Stroh and Boston Beer ("Letter Agreement") and Extension Letter, dated August 19, 1997, between Stroh and Boston Beer ("Extension Letter")

Dear Chris:

The following is intended to set forth the agreement reached between Stroh and Boston Beer with respect to a further extension of the Letter Agreement, as previously extended by the Extension Letter:

All references in the Letter Agreement, as amended by the Extension Letter, to (deleted for expurgation) are hereby deleted and substituted with (deleted for expurgation).

If the above accurately sets forth your understanding of the agreement reached, please sign and return the enclosed copy of this letter indicating your acceptance.

Very truly yours,

BOSTON BEER COMPANY LIMITED PARTNERSHIP
By: Boston Brewing Company, Inc., its General Partner

By: /s/ MARTIN F. ROPER

Martin F. Roper, Vice President

ACCEPTED and agreed to this 20th day of November, 1997.

THE STROH BREWERY COMPANY

By: /s/ CHRISTOPHER T. SORTWELL

Christopher T. Sortwell, Senior Vice President

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

Exhibit 10.27 (Continued)

December 19, 1997

THE STROH BREWERY COMPANY
100 River Place
Detroit, MI 48207

Attention: Christopher T. Sortwell, Senior Vice President, Finance

Re: Production Agreement, dated January 14, 1997, between The Stroh Brewery Company ("Stroh") and Boston Beer Company Limited Partnership ("Boston Beer") (the "Production Agreement"), Letter Agreement, dated January 14, 1997, between Stroh and Boston Beer ("Letter Agreement") and the Extension Letters, dated August 19, 1997, and November 19, 1997, between Stroh and Boston Beer (the "Extension Letters")

Dear Chris:

The following is intended to set forth the agreement reached between Stroh and Boston Beer with respect to a further extension of the Letter Agreement, as previously extended by the Extension Letters:

1. All references in the Letter Agreement, as amended by the Extension Letters, to "December 31, 1997" are hereby deleted and substituted with "January 31, 1998".
2. All references in the Production Agreement to a (deleted for expurgation), including the reference contained in Section 6(a) of the Production Agreement are hereby deleted and substituted with (deleted for expurgation).

If the above accurately sets forth your understanding of the agreement reached, please sign and return the enclosed copy of this letter indicating your acceptance.

Very truly yours,
BOSTON BEER COMPANY LIMITED PARTNERSHIP
By: Boston Brewing Company, Inc., its General Partner

By: /s/ MARTIN F. ROPER

Martin F. Roper, Vice President

ACCEPTED and agreed to this 19th day of December, 1997.
THE STROH BREWERY COMPANY

By: /s/ CHRISTOPHER T. SORTWELL

Christopher T. Sortwell, Senior Vice President

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

Exhibit 10.27 (Continued)

January 22, 1998

THE STROH BREWERY COMPANY
100 River Place
Detroit, MI 48207

Attention: Christopher T. Sortwell, Senior Vice President, Finance

Re: Production Agreement, dated January 14, 1997, between The Stroh Brewery Company ("Stroh") and Boston Beer Company Limited Partnership ("Boston Beer") (the "Production Agreement"), Letter Agreement, dated January 14, 1997, between Stroh and Boston Beer ("Letter Agreement") and the Extension Letters, dated August 19, 1997, November 19, 1997 and December 19, 1997, between Stroh and Boston Beer (the "Extension Letters")

Dear Chris:

The following is intended to set forth the agreement reached between Stroh and Boston Beer with respect to a further extension of the Letter Agreement, as previously extended by the Extension Letters:

1. All references in the Letter Agreement, as amended by the Extension Letters, to "January 31, 1998" are hereby deleted and substituted with "February 28, 1998".
2. All references in the Production Agreement to a (deleted for expurgation), including the reference contained in Section 6(a) of the Production Agreement are hereby deleted and substituted with (deleted for expurgation).

If the above accurately sets forth your understanding of the agreement reached, please sign and return the enclosed copy of this letter indicating your acceptance.

Very truly yours,
BOSTON BEER COMPANY LIMITED PARTNERSHIP
By: Boston Brewing Company, Inc., its General Partner

By: /s/ MARTIN F. ROPER

Martin F. Roper, Vice President

ACCEPTED and agreed to this 27th day of January, 1998.
THE STROH BREWERY COMPANY

By: /s/ CHRISTOPHER T. SORTWELL

Christopher T. Sortwell, Senior Vice President

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

Exhibit 10.27 (Continued)

March 23, 1998

THE STROH BREWERY COMPANY
100 River Place
Detroit, MI 48207

Attention: Christopher T. Sortwell, Senior Vice President, Finance

Re: Production Agreement, dated January 14, 1997, between The Stroh Brewery Company ("Stroh") and Boston Beer Company Limited Partnership ("Boston Beer") (the "Production Agreement"), Letter Agreement, dated January 14, 1997, between Stroh and Boston Beer ("Letter Agreement") and Extension Letters, dated August 19, 1997, November 19, 1997, December 19, 1997 and

January 22, 1998, between Stroh and Boston Beer ("Extension Letters")

Dear Chris:

The following is intended to set forth the agreement reached between Stroh and Boston Beer with respect to a further extension of the Letter Agreement, as previously extended by the Extension Letters:

1. All references in the Letter Agreement, as amended by the Extension Letter, to "February 28, 1998" are hereby deleted and substituted with "March 14, 1998".
2. All references in the Production Agreement to (deleted for expurgation), including the reference contained in Section 6(a) of the Production Agreement are hereby deleted and substituted with (deleted for expurgation).

If the above accurately sets forth your understanding of the agreement reached, please sign and return the enclosed copy of this letter indicating your acceptance.

Very truly yours,

BOSTON BEER COMPANY LIMITED PARTNERSHIP
By: Boston Brewing Company, Inc., its General Partner

By: /s/ MARTIN F. ROPER

Martin F. Roper
Vice President

ACCEPTED and agreed to this 26th day of February, 1998.

THE STROH BREWERY COMPANY

By: /s/ CHRISTOPHER T. SORTWELL

Christopher T. Sortwell
Senior Vice President

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

Exhibit 10.27 (Continued)

March 11, 1998

THE STROH BREWERY COMPANY
100 River Place
Detroit, MI 48207

Attention: Christopher T. Sortwell, Senior Vice President, Finance

Re: Production Agreement, dated January 14, 1997, between The Stroh Brewery Company ("Stroh") and Boston Beer Company Limited Partnership ("Boston Beer") (the "Production Agreement"), Letter Agreement, dated January 14, 1997, between Stroh and Boston Beer ("Letter Agreement") and Extension Letters, dated August 19, 1997, November 19, 1997, December 19, 1997, January 22, 1998 and February 25, 1998 ("Extension Letters")

Dear Chris:

The following is intended to set forth the agreement reached between Stroh and Boston Beer with respect to a further extension of the Letter Agreement, as

previously extended by the Extension Letters:

1. All references in the Letter Agreement, as amended by the Extension Letter, to "March 14, 1998" are hereby deleted and substituted with "April 15, 1998".
2. All references in the Production Agreement to a (deleted for expurgation), including the reference contained in Section 6(a) of the Production Agreement are hereby deleted and substituted with (deleted for expurgation).

If the above accurately sets forth your understanding of the agreement reached, please sign and return the enclosed copy of this letter indicating your acceptance.

Very truly yours,
BOSTON BEER COMPANY LIMITED PARTENRSHIP
By: Boston Brewing Company, Inc., its General Partner

By: /s/ MARTIN F. ROPER

Martin F. Roper, Vice President
ACCEPTED and agreed to this 12th day of March, 1998.
THE STROH BREWERY COMPANY

By: /s/ CHRISTOPHER T. SORTWELL

Christopher T. Sortwell
Senior Vice President, Finance

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

Exhibit 10.28

THE BOSTON BEER COMPANY, INC.

EMPLOYEE EQUITY INCENTIVE PLAN

[As Adopted Effective November 20, 1995]
[and Amended Effective February 23, 1996]
[and Effective December 19, 1997]

1. Purpose. The purpose of The Boston Beer Company, Inc. ("TBBC")

Employee Equity Incentive Plan (the "Equity Plan" or the "Plan") is to provide additional incentive for management and other employees of Boston Beer Company Limited Partnership, a Massachusetts limited partnership (the "Company", which term shall include TBBC and all of its affiliates), selected for participation in the Plan, to promote the growth and success of the Company's business, and to reward them for such growth and success, by making available to them for purchase shares of the Company's Class A [Limited Voting Rights] Common Stock (\$0.01 par value) ("Class A Stock").

2. Shares Covered By the Plan. The maximum number of shares of Class A

Stock which may be issued under the Plan is 2,687,500 shares, subject to adjustment in accordance with Section 12 of the Plan. Shares of Class A Stock which are the subject of Management Options (as defined in Section 5) or Discretionary Options (as defined in Section 6) which lapse unexercised or Investment Shares which do not become Vested Shares (as defined in Section 6) and are repurchased by TBBC pursuant to Section 8(g), or which are redeemed by TBBC pursuant to Section 8(f) shall again be available for issuance hereunder.

3. Administration of the Plan. The Plan shall be administered by TBBC's

Board of Directors (the "Board"). In its sole discretion, the Board shall have the power to:

- (i) select management-level employees to be granted Management Options under Section 5 of the Plan and management or other employees to be granted Discretionary Options pursuant to Section 6 of the Plan (in either case, individually, an Optionee and collectively, "Optionees");
- (ii) authorize the grant of options ("Options") to acquire shares ("Option Shares") of Class A Stock, pursuant to Sections 5 and 6 of the Plan;
- (iii) construe the Plan;
- (iv) determine all questions arising under the Plan; and
- (v) adopt and amend such rules and regulations for the administration of the Plan as it may deem desirable.

The decision of the Board as to all questions of interpretation and application of the Plan shall be final and binding on all persons.

4. Eligibility. Employees eligible to participate in the Plan ("Eligible Employees") are those employees of the Company who:

- (i) have been employed by the Company for at least one (1) year; and
- (ii) have entered into an Employment Agreement (the "Employment Agreement") with the Company containing substantially the covenants and the terms and conditions set forth in the form of Employment Agreement attached hereto as EXHIBIT A and/or

such other terms and conditions as the Board in its discretion may from time to time require.

Only full-time management-level Eligible Employees, as determined by the Board in its sole discretion, shall be selected by the Board for the grant of a Management Option. In designating Optionees for Management Options, the Board shall take into account each prospective Optionee's level of responsibility, performance, potential and such other considerations as the Board deems appropriate.

5. Grants of Management Options.

(a) For purposes hereof the following terms shall have the following meanings:

- (i) The term "Option Share Value" means the fair market value of shares of Class A Stock as of the Option Date, as determined by the Board.
- (ii) The effective date of each Management Option shall be January 1 in the year in which the grant is made and is referred to herein as the "Option Date", except that Management Options shall be announced on or about March 15 in each year.
- (iii) An Optionee's "Option Grant Percentage" shall be the percentage of his or her base salary which may be received by him or her in the form of the grant of a Management Option, as determined by the Board in its discretion, taking into consideration such performance criteria as it shall, from time to time, deem appropriate.

(b) Each Optionee shall be granted as of the Option Date a Management Option to acquire Option Shares. Each such Management Option granted to an Optionee shall have a value (the "Option Value") equal to the amount calculated by multiplying the Optionee's base salary earned during the calendar year ending immediately prior to the Option Date, by his or her Option Grant Percentage.

(c) The exercise price per Option Share under Management Options shall in all cases be \$0.01 per Share.

(d) After the Board determines that it will grant a Management Option to an Optionee under the Plan, it shall notify the Optionee in writing, stating the number of Option Shares to which his or her Management Option shall be subject. Such notice shall incorporate by reference the terms, conditions, restrictions and other provisions set forth in the Plan.

(e) No Management Options shall be granted after December 19, 1997.

6. Grants of Discretionary Options. The Board may also, from time to

time, grant to Eligible Employees options ("Discretionary Options") to acquire shares of Class A Stock, on such terms and conditions, including exercise price, as the Board shall determine.

7. Right to Exercise Options. Each Management Option and, except as the

Board may from time to time otherwise determine with respect to a particular Discretionary Option, each Discretionary Option, shall be set forth in an Option Agreement, substantially in the form attached hereto as EXHIBIT B, which shall

include in any event the following terms, conditions and restrictions:

(a) Except as otherwise determined from time to time by the Board in connection with specific options, the right to exercise each Management Option or Discretionary Option shall vest over the period of five (5) years after the Option Date at the rate of twenty percent (20%) of the Option Shares covered thereby per year, so long as the Optionee continues to be employed by the Company as of each vesting date, provided that (i) the Board may in its

discretion permit accelerated vesting, (ii) Management Options shall become exercisable in full in the event of an Optionee's retirement at or after age 65, death or disability, and

(iii) the Board may tie exercisability to compliance by an Optionee with any applicable restrictive covenants.

(b) Except as determined by the Board from time to time, each Management Option and each Discretionary Option shall terminate on the earlier to occur of the expiration of (i) ninety days after the Optionee ceases to be an employee of the Company and (ii) ten (10) years after the Option Date.

8. Purchase of Investment Shares.

(a) Eligible Employees may also become "Participants" in the Plan and invest up to ten percent (10%) of their most recent annual W-2 earnings in shares ("Investment Shares") of Class A Stock. The number of Investment Shares which can be purchased by each Participant will be computed by dividing 10% of the Participant's W-2 earnings by the Investment Share Value (as defined in Section 8(c)). After a Participant has been employed by the Company for at least two (2) years, Investment Shares will be issued at a discount from Investment Share Value based on length of service. The cost to the Participant will be the Investment Share Value, discounted, if applicable, according to the schedule in Section 8(c). For each full year Investment Shares are held after issuance and the Participant remains employed with the Company, twenty percent (20%) will become fully vested ("Vested Shares"). Investment Shares not yet vested shall cease to vest upon the termination of a Participant's employment with the Company, except as otherwise then determined by the Board, unless such termination was because of retirement at or after reaching age 65, death or disability. Upon termination of a Participant's employment with the Company because of retirement at or after reaching age 65, death or disability, all then unvested Investment Shares shall fully vest.

(b) The maximum number of Investment Shares that may be issued to each Participant at any time will be equal to ten percent (10%) of his or her most recent annual W-2 earnings, divided by the applicable Discounted Investment Share Value then in effect under Section 8(c), below.

(c) The issuance price for Investment Shares will be based on the then Investment Share Value. Investment Share Value shall be the mean between the high and the low prices at which shares of Class A stock traded on the New York Stock Exchange or on any other exchange on which such shares may be traded, on the day next preceding the date of a Participant's investment in Investment Shares, which ordinarily shall be

effective as of January 1 in each applicable year. The issuance price for Investment Shares will be the "Discounted Investment Share Value", determined based on discounts from Investment Share Value, keyed to each Eligible Employee's tenure with the Company.

Prior to 2 full years of employment, there will be no discount
After 2 full years of employment, the discount will be 20%
After 3 full years of employment, the discount will be 30%
After 4 full years of employment, the discount will be 40%

(d) Each Participant will be responsible for the withholding taxes payable on his or her W-2 earnings, including on the amount of taxable income realized by him or her by reason of the purchase of Investment Shares at Discounted Investment Share Value, whether recognized at the time of purchase or upon vesting.

(e) All Investment Shares which have not yet vested shall be held in escrow by an escrow agent selected by the Board, pursuant to a Restricted Stock Escrow Agreement, substantially in the form attached hereto as EXHIBIT C.

(f) Each Participant who purchases Investment Shares and who is not subject to the provisions of Section 16(b) of the 1934 Act shall have the right at any time to cause the Company to redeem all, but not less than all, of the Investment Shares previously purchased by him or her but which have not yet vested at a price equal to the lesser of (i) the Discounted Investment Share Value at which the Shares were issued and (ii) the Investment Share Value, as of the date next preceding the date on which the Investment Shares are tendered for redemption.

(g) In the event of the termination of the employment with the Company of any Participant who holds Investment Shares, TBBC shall have the right, but not the obligation, to redeem within ninety (90) days after such termination any or all of such Investment Shares which are not Vested Shares at a price, payable in cash, equal to the lesser of (i) the Discounted Investment Share Value at which the Shares were issued and (ii) the Investment Share Value, as of the date next preceding the date on which the Investment Shares are called for redemption.

9. Previously Granted Options and Investment Shares. All options granted

by Boston Beer Company Limited Partnership prior to November 20, 1995, which were assumed under the Plan on that date and became Management Options or Discretionary Options, shall first become exercisable, to the extent that the right to exercise has otherwise then vested, on March 1, 1996, except that any such option held by Optionees subject to the provisions of Section 16 (b) of the 1934 Act shall not become exercisable until May 20, 1996. All Investment Shares purchased from Boston Beer Company Limited Partnership prior to November 20, 1995, which have vested prior to March 1, 1996, shall be issued to the applicable Participants on that date, except that Vested Investment Shares otherwise then issuable to Participants subject to the provisions of Section 16(b) of the 1934 Act shall not be issuable until May 20, 1996.

10. Provisions Relating to Securities Act. Notwithstanding any other

provision of the Plan, TBBC may delay the issuance of Option Shares covered by the exercise of a Management Option or a Discretionary Option or any Investment Shares which have become Vested Shares (in either case, "Shares") until one of the following conditions shall be satisfied:

- (i) Such Shares are at the time of issuance effectively registered under applicable federal and state securities acts, as now in force or hereafter amended; or
- (ii) Counsel for TBBC shall have given an opinion, which opinion shall not be unreasonably conditioned or withheld, that the issuance of such Shares is exempt from registration under applicable federal and state securities acts, as now in force or hereafter amended.

Moreover, unless the Shares to be issued have been effectively registered under the Securities Act of 1933, as amended (the "Act"), TBBC shall be under no obligation to issue such Shares unless the Optionee or Participant shall first give written representation to TBBC, satisfactory in form and scope to TBBC's counsel and upon which in the opinion of such counsel TBBC may reasonably rely, that he or she is acquiring the Shares to be issued to him or her as an investment and not with a view to or for sale in connection with any distribution thereof in violation of the Act. TBBC shall have no obligation, contractual or otherwise, to any Optionee or Participant to register under any federal or state securities laws any Shares issued under the Plan to such Optionee or Participant.

11. Expenses of the Plan. All costs and expenses of the adoption and

administration of the Plan shall be borne by the Company, and none of such expenses shall be charged to any Optionee or Participant.

12. No Contractual Right to Participate and No Right to Continued

Employment. Nothing in the Plan shall be deemed to give any employee of the

Company, or his or her legal representatives or assigns, or any other person claiming under or through him or her, any contractual or other right to participate in the benefits of the Plan. Nothing in the Plan and no action or grant thereunder shall be construed to constitute or be evidence of any agreement or understanding, express or implied, on the part of the Company to employ or retain in its employ for any specific period of time any Optionee or Participant. No grant of a Management Option or a Discretionary Option to an Optionee shall give to such Optionee any rights as a stockholder in the Company nor any rights in any Option Shares, except to the extent the Option has been exercised and Option Shares issued.

13. Dilution and Other Adjustments. In the event that the outstanding

shares of Class A Stock are changed into or exchanged for a different number or kind of shares or other securities of TBBC or of another corporation by reason of any reorganization, merger, consolidation, recapitalization, reclassification, stock split-up, combination of shares, or dividends payable in capital stock, appropriate adjustment shall be made in the number and kind of shares which may be issued under the Plan and as to which outstanding Management Options or Discretionary Options or portions thereof then unexercised shall be exercisable, to the end that the proportionate interest of the Optionee shall be maintained as before the occurrence of such event; such adjustment in outstanding discretionary Options shall be made without change in the total price applicable to the unexercised portion of such Discretionary Options and with a corresponding adjustment in the exercise price per share. The exercise price per share of Management Options shall remain \$0.01 per share.

14. Transferability. No right or interest under the Plan of any Eligible

Employee shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy or in any other manner, other than by will or the laws of descent and distribution; and no such right or interest of any Eligible Employee shall be subject to any obligation or liability of such Eligible Employee. The Option shall be null and void and without

effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as hereinabove provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

15. Withholding of Income Taxes. The Company shall have the right to

deduct from amounts otherwise payable by the Company to an Optionee or Participant by way of salary or wages or otherwise, any Federal, state or local taxes required by law to be withheld with respect to the exercise of a Management Option or Discretionary Option granted under the Plan or the purchase or vesting under the Plan of Investment Shares which results in taxable income to the Optionee or Participant.

16. Effective Date. The Plan shall become effective upon its adoption by -----
the Board and its approval by the holders of TBBC's Class B [Voting] Common Stock (\$0.01 par value) (the "Class B Stock") and a majority in interest of TBBC's then issued and outstanding Class A Stock on November 20, 1995.

17. Amendment and Termination of the Plan. The Board, subject to the -----
approval of the holders of a majority in interest of TBBC's issued and outstanding Class B Stock, may at any time terminate, extend, or amend the Plan; provided, however, that termination or amendment of the Plan shall not, without the consent of any person affected thereby, modify or in any way affect any Option granted or Investment Shares purchased prior to such termination or amendment.

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

Exhibit 10.28 (Continued)

EXHIBIT A

EMPLOYMENT AGREEMENT

AGREEMENT entered into by and between BOSTON BEER COMPANY LIMITED PARTNERSHIP, a Massachusetts limited partnership having its executive offices at 75 Arlington Street, Boston, Massachusetts 02116 (the "Company"), and the undersigned employee of the Company (the "Employee").

In consideration of the employment or continued employment of the Employee by the Company and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Employee hereby agrees with the Company as follows:

1. Duties. The Company hereby agrees to employ or continue to employ the -----
Employee in the position identified below the Employee's signature on this Agreement, and the Employee hereby accepts such employment. For so long as he or she is employed by the Company, the Employee shall devote himself or herself to the affairs of the Company on a full business time basis and shall not engage in any other business activities, which, either singly or in the aggregate, materially interfere with his or her duties to the Company.

2. Compensation. In consideration for the performance by the Employee of -----
his or her duties hereunder, the Company shall pay to the Employee a base salary, payable weekly at the current rate set forth below the Employee's signature on this Agreement, and such other compensation as the Company may from time to time determine, which the Employee agrees to accept in full satisfaction for his or her services. The Employee shall also be entitled to participate in any employee incentive compensation or stock option program (an "Incentive Plan"), adopted from time to time by the Company for its employees generally.

3. Proprietary Information. The Employee hereby acknowledges that the -----

techniques, recipes, formulas, programs, processes, designs and production, distribution, business and marketing methods, training methods and materials, and manuals used and to be used by the Company are of a confidential and secret character, of

great value and proprietary to the Company. The Company shall give or continue to give the Employee access to the foregoing categories or confidential and secret information and the trade secrets of its customers (collectively, "Proprietary Information"), so long as the Employee continues to provide services to the Company, and permit the Employee to work thereon and become familiar therewith to whatever extent the Company in its sole discretion determines. The Employee agrees that, without the prior written consent of the Company, he or she shall not, during his or her employment by the Company or at any time thereafter, divulge to anyone or use to his or her benefit any Proprietary Information, unless such Proprietary Information shall be in the public domain in a reasonably integrated form through no fault of the Employee. The Employee further agrees (i) to take all reasonable precautions to protect from loss or disclosure all documents supplied to the Employee by the Company and all documents, notebooks, materials and other data relating to any work performed by the Employee or others relating to the Proprietary Information, (ii) not to make any copies of any of these documents, notebooks, materials and data, without the prior written permission of the Company, and (iii) upon termination for whatever reason of the Employee's employment with the Company, to deliver these documents, notebooks, materials and data forthwith to the Company.

4. Covenant Not-to-Compete. In specific consideration for his or her

eligibility to participate in an Incentive Plan, the Employee hereby agrees to be bound by the provisions of this Section 4. During the period commencing on the date hereof and continuing until the expiration of one (1) year from the date on which the Employee last receives compensation in any form from the Company, the Employee shall not, without the prior written consent of the Company, which consent the Company may grant or withhold in its sole discretion, engage, directly or indirectly, for his or her own account or the account of others, as an employee, consultant, partner, officer, director or stockholder (other than a holder of less than five percent (5%) of the issued and outstanding stock or other equity securities of an issuer whose securities are publicly traded), or otherwise, in the importing, production, marketing or distribution to distributors of any beer or ale brewed outside of the United States which is imported into the United States or any American beer or ale having a wholesale price within twenty percent (20%) of the wholesale price of any of the Company's products.

5. Remedy for Breach. The Employee expressly recognizes that any breach

of this Agreement by him or her is likely to result in irreparable injury to the Company and agrees that, in addition to any other rights or remedies which the Company may have, the Company shall be entitled, if it so elects to institute and prosecute proceedings in any court of competent jurisdiction, either in law or in equity, to obtain damages for any breach of this Agreement; to enforce the specific performance of this Agreement by the Employee; and to enjoin the Employee from activities in violation of this Agreement.

6. Entire Agreement; Modification. This instrument contains the entire

Agreement of the Company and the Employee with respect to the subject matter contained herein and may be altered, amended or superseded only by an agreement in writing, signed by both parties or the party against whom enforcement of any waiver, change, modification, extension or discharge is sought. No action or course of conduct shall constitute a waiver of any of the terms and conditions of this Agreement, unless such waiver is specified in writing, and then only to the extent so specified. A waiver of any of the terms and conditions of this Agreement on one occasion shall not constitute a waiver of the other terms and conditions of this Agreement, or of such terms and conditions, on any other occasion.

7. Severability. The Employee and the Company hereby expressly agree

that the provisions of this Agreement are severable and, in the event that any court of competent jurisdiction shall determine that any provision or covenant herein contained is invalid, in whole or in part, the remaining provisions shall remain in full force and effect and any such provision or covenant shall nevertheless be enforceable as to the balance thereof.

8. Binding Effect; Benefit. This Agreement shall be binding upon the

Employee, without regard to the duration of his or her employment by the Company or the reasons for the cessation of such employment, and upon his or her administrators, executors, heirs, and assigns, and shall inure to the benefit of the Company and its affiliates and subsidiaries, and its and their successors and assigns.

9. Counterparts. This Agreement may be executed in multiple

counterparts, each of which shall be considered and have the force and effect of an original.

10. Governing Law. The validity, interpretation and performance of this

Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed on its behalf and the Employee has hereunto set his or her hand and seal, this day of , 199 .

BOSTON BEER COMPANY LIMITED PARTNERSHIP

By: -----

Signature of Employee

Name of Employee

Position

Current Pay Rate

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

Exhibit 10.28 (Continued)

THE BOSTON BEER COMPANY, INC.

OPTION AGREEMENT

AGREEMENT entered into effective as of _____ by and between THE BOSTON BEER COMPANY, INC., a Massachusetts corporation (the "Company"), and the undersigned employee of the Company or one of its affiliates (the "Optionee").

IN CONSIDERATION OF services rendered and to be rendered by the Optionee to the Company and of the mutual covenants and agreements contained herein, the Company and the Optionee hereby agree as follows:

1. Grant of Option. The Company hereby irrevocably grants to the _____ Optionee an option (the "Option") to purchase all or any part of an aggregate of _____ shares (the "Shares") of the Company's Class A Common Stock, on the terms and conditions hereinafter set forth.

2. Purchase Price and Exercisability.

(a) The purchase price ("Purchase Price") for the Shares is _____ (\$____) per Share.

(b) So long as the Optionee continues to be employed by the Company or an affiliate of the Company as of each indicated date, the Option shall become exercisable, as follows:

Date	Additional Shares Exercisable	Total Shares Exercisable
-----	-----	-----
January 1, _____		

3. Manner of Exercise of Option. To the extent exercisable, the Option _____ may be exercised in full at one time or in part from time to time, by giving written notice, signed by the person or persons exercising the

Option, to the Company, stating the number of Shares with respect to which the Option is being exercised, accompanied by payment in full of the Purchase Price for such Shares in cash. There shall be no exercise at any one time as to fewer than one hundred (100) Shares or all of the remaining Shares then purchasable by the person or persons exercising the Option, if fewer than one hundred (100) Shares.

4. Term of Option. The Option shall terminate on the sooner to occur of _____

(i) the expiration of ninety (90) days after the Optionee ceases to be an employee of the Company, regardless of the reason therefor or (ii) the close of business on December 31, 200_.

5. Non-Transferability. The right of the Optionee to exercise the _____ Option shall not be assignable or transferable by the Optionee otherwise than by will or the laws of descent and distribution, and the Option may be exercised during the lifetime of the Optionee only by him or her. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any

attempted assignment or transfer, except as hereinabove provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

6. Restrictions on Issue of Shares.

(a) Notwithstanding the provisions of Section 3 hereof, the Company may delay the issuance of Shares covered by the exercise of the Option until one of the following conditions shall be satisfied:

- (i) The Shares with respect to which the Option has been exercised are at the time of the issuance of such Shares effectively registered under applicable federal and state securities acts, as now in force or hereafter amended; or
- (ii) Counsel for the Company shall have given an opinion, which opinion shall not be unreasonably conditioned or withheld, that the issuance of such Shares is exempt from registration under applicable federal and state securities acts, as now in force or hereafter amended.

(b) In the event that for any reason the Shares to be issued upon exercise of the Option shall not be effectively registered under the Securities Act of 1933 (the "1933 Act"), upon any date on which the Option is exercised in whole or in part, the Company shall be under no further obligation to issue Shares

covered by the Option, unless the person exercising the Option shall give a written representation to the Company that such person is acquiring the Shares issued to him or her pursuant to such exercise of the Option for investment and not with a view to, or for sale in connection with, the distribution of any such Shares, and that he or she will make no transfer of the same except in compliance with the 1933 Act and the rules and regulations promulgated thereunder and then in force, and in such event, the Company may place an "investment legend", so-called, upon any certificate for the Shares which may be issued by reason of such exercise.

7. Adjustments Upon Changes in Capitalization. In the event that shares

of the Company's Class A Common Stock are changed into or exchanged for a different number or kind of securities of the Company or of another entity by reason of any reorganization, merger, consolidation, recapitalization, reclassification, stock split-up, combination of shares or dividend payable in capital stock or other securities, appropriate adjustment shall be made in the number and kind of securities as to which the Option, or any part thereof then unexercised, shall be exercisable, to the end that the proportionate interest of the Optionee shall remain as before the occurrence of such event; such adjustment in the Option shall be made without change in the total price applicable to the unexercised portion of the Option and with a corresponding adjustment in the Option price per share or other security unit.

8. Compliance with Post-Employment Obligations. The Optionee understands

and agrees that his or her rights hereunder are conditioned on continued compliance with all of his or her obligations to the Company, including obligations to protect the confidentiality of the Company's proprietary information and the proprietary information of any of the Company's affiliates and not to compete with the Company or any of its affiliates after the Optionee's employment with the Company or any of its affiliates has terminated. In furtherance of the Optionee's understanding and agreement, the Optionee further agrees that, if the Optionee breaches any post-employment confidentiality covenants or covenants not to compete with the Company or any of its affiliates, the Company shall be entitled, in addition to any other remedies

it may then have available to it, to recover all profit realized by the Optionee as a result of exercises of the Option during the Optionee's last

twelve (12) months of employment with the Company or any of its affiliates or at any time following termination of such employment.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed and its corporate seal to be hereto affixed by its officer thereunto duly authorized, and the Optionee has hereunto set her hand and seal, all as of the day and year first above written.

THE BOSTON BEER COMPANY, INC.

By:

C. James Koch, President

Optionee Signature

Name

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

Exhibit 10.28 (Continued)

EXHIBIT C

THE BOSTON BEER COMPANY, INC.

RESTRICTED STOCK ESCROW AGREEMENT

AGREEMENT entered into effective as of March 1, 1996 by and among THE BOSTON BEER COMPANY, INC. (the "Company"), FREDERICK H. GREIN, JR., the escrow agent (the "Escrow Agent") designated by the Company's Board of Directors (the "Board") acting pursuant to Section 3 of the Company's Employee Equity Incentive Plan (the "Plan"), acting for himself and any successor so designated, and the undersigned employee (the "Employee") of the Company or one of its subsidiaries.

The Employee has previously purchased at a discount under a predecessor plan which has been assumed under the Plan shares of the Class A Common Stock (\$0.01 par value) of the Company (the "Shares"). The Shares are subject to certain vesting and repurchase restrictions set forth in Section 8(g) of the Plan. Because of these restrictions, the Board, in accordance with the provisions of Section 8(e) of the Plan, is requiring that the Employee deposit with the Escrow Agent the certificates representing the Shares, together with a stock power or other instrument of transfer, appropriately endorsed in blank with signature guaranteed, under a deposit agreement requiring the Shares to be held in escrow subject to the Company's right to repurchase the Shares pursuant to Section 8(g) of the Plan.

ACCORDINGLY, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, the Escrow Agent and

the Employee agree as follows:

1. Deposit of Certificates for the Shares. The Employee shall, upon his

or her execution of this Agreement, deposit with the Escrow Agent:

(i) certificates (the "Certificates") each representing that number
of Shares vesting on each "Vesting Date" specified on the Vesting Schedule
attached hereto as Schedule A (the "Vesting Schedule"); and

(ii) for each such Certificate, a stock power or other instrument of
transfer reasonably acceptable to the Escrow Agent, appropriately endorsed
in blank with signature guaranteed.

2. Duties of Escrow Agent. The Escrow Agent and any successor escrow

agent designated by the Board (and the term "Escrow Agent" as used herein shall
mean the Escrow Agent and any and all such successor escrow agents) shall hold
the Certificates representing the Shares, deposited with him pursuant to
paragraph 1, above, and shall dispose of the same in accordance with the
provisions hereof and of the Plan. The Escrow Agent's duties shall be solely
those duties specified herein and the Escrow Agent shall have no other duties or
responsibilities. In particular, the Escrow Agent shall have no duty to the
Employee with respect to amounts which may be owing to the Employee by the
Company on account of Shares redelivered by the Escrow Agent to the Board.

3. Release of Shares from Escrow.

(a) In General. So long as the Escrow Agent continues to hold any

of the Shares, the Company shall, within ten (10) business days after each
"Vesting Date" specified on the Vesting Schedule, deliver to the Escrow Agent a
statement, signed by a duly authorized officer of the Company, that the Employee
was still employed by the Company or one of its subsidiaries as of such Vesting
Date. Upon receipt of such certificate, the Escrow Agent shall deliver to the
Employee a Certificate for the Shares then vested, together with the
corresponding stock power or other instrument of transfer.

If the Company shall not have delivered such a certificate to the Escrow
Agent within said ten (10) business day period, the Escrow Agent shall, upon
expiration of said ten (10) business day period, give written notice of such
fact to the Company, with a copy to the Employee. The Company shall then have a
further period of five (5) business days from the effective date of such notice
to deliver to the Escrow Agent the statement called for by the preceding
paragraph. If the Company shall not have so delivered such a statement within
said further five (5) business day period, the Escrow Agent shall, upon the
expiration thereof, deliver to the Board all Certificates and stock powers or
other instruments of transfer then held by him pursuant to this Agreement. The
effective date of the notice to be given by the Escrow Agent pursuant to this
paragraph shall be the date on

which the copy to the Employee is deposited in the United States mail, certified
mail, postage prepaid, addressed to the Employee at the address set forth below,
or such other address as to which the Escrow Agent shall similarly have been
notified in writing by the Employee.

(b) Notification of Termination of Employment or Redemption. If,

at any time while this Agreement remains in effect, the Escrow Agent receives a
written statement signed by a duly authorized officer of the Company that the
Employee (i) is no longer employed by the Company or any of its subsidiaries,
other than by reason of his or her retirement, disability or death, setting
forth the date of termination of employment, or (ii) has caused the Company to
redeem all of the shares in accordance with Section 6(f) of the Plan, the Escrow

Agent shall forthwith deliver to the Board all Certificates and stock powers or other instruments of transfer then held by him pursuant to this Agreement, unless, in the case of termination of employment, the date of termination of employment set forth in such certificate is subsequent to a Vesting Date for which no Shares have yet been delivered to the Employee pursuant to subparagraph (a), above, in which case, the Escrow Agent shall deliver:

(i) to the Employee a Certificate for the Shares so vested, together with the corresponding stock power or other instrument of transfer; and

(ii) to the Board the balance of the Certificates and powers or other instruments of transfer then held by him pursuant to this Agreement.

(c) Death or Disability of Employee. If the Escrow Agent receives a

written statement signed by a duly authorized officer of the Company that the Employee has died or become disabled, the Escrow Agent shall deliver or cause to be delivered to the Employee or the executor of his estate, as applicable, all Certificates and all stock powers or other instruments of transfer then held by him pursuant to this Agreement.

4. Escrow Agent Right to Rely. The Escrow Agent shall be entitled to

rely on and act in accordance with certificates as to employment status signed by a duly authorized officer of the Company and in accordance with instructions of the Board if given in writing signed by a majority of the members of the Board.

5. Liability of Escrow Agent. In the performance of his duties

hereunder, the Escrow Agent shall incur no liability to the Employee or the Company for any action taken or omitted, except in the case of gross

negligence or willful misconduct. The Company hereby agrees to reimburse the Escrow Agent for and indemnify and hold the Escrow Agent harmless from and against all expense, loss and liability which the Escrow Agent may pay or may by virtue of the performance of his duties hereunder.

6. Dividends and Voting Rights. The Employee shall be entitled to vote

all Shares held by the Escrow Agent pursuant to this Agreement and to receive all dividends declared thereon.

7. Termination of Escrow. The escrow created hereby and this Agreement

shall terminate at such time as the Escrow Agent shall have released from escrow in accordance with the provisions of paragraph 3 of this Agreement, all of the Certificates and stock powers or other instruments of transfer originally deposited with the Escrow Agent pursuant to paragraph 1 hereof.

IN WITNESS WHEREOF, the Escrow Agent and the Employee have hereunto set their hands and seals as of the day and year first above written.

COMPANY:

ESCROW AGENT:

THE BOSTON BEER COMPANY, INC.

By:

Frederick H. Grein, Jr.

EMPLOYEE:

Name

Address

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

Exhibit 10.28 (Continued)

THE BOSTON BEER COMPANY, INC.
SCHEDULE A
TO
RESTRICTED STOCK ESCROW AGREEMENT

Employee:

Aggregate Number of Shares Deposited in Escrow:

Vesting Dates and Shares Vesting On Each Vesting Date:

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

Exhibit 10.29

THE BOSTON BEER COMPANY, INC.

1996 STOCK OPTION PLAN
FOR NON-EMPLOYEE DIRECTORS
(As Amended on December 19, 1997)

1. PURPOSE

The purpose of The Boston Beer Company, Inc. 1996 Stock Option Plan for Non-Employee Directors (the "Plan") is to attract and retain the services of experienced and knowledgeable independent Directors who are not employees ("Non-Employee Directors") of The Boston Beer Company, Inc. ("Boston Beer") for the benefit of Boston Beer and its stockholders and to provide additional incentive for Non-Employee Directors to continue to work in the best interests of Boston Beer and its stockholders through continuing ownership of Boston Beer common stock.

2. SHARES SUBJECT TO THE PLAN

The total number of shares of Class A Common Stock, par value \$.01 per share ("Shares"), of Boston Beer for which options may be granted under the Plan shall not exceed 100,000 in the aggregate, subject to adjustment in accordance with Section 9 hereof.

3. ELIGIBILITY; GRANT OF OPTION

Each of Pearson C. Cummin III, James C. Kautz, Charles Joseph Koch and John B. Wing, who are the four current members of the Board of Directors of Boston Beer (the "Board") who are not otherwise employees of Boston Beer or any subsidiary and who were reelected as Directors at the Boston Beer Annual Meeting held on May 21, 1996, shall be granted an option to acquire two thousand five hundred (2,500) Shares under the Plan upon the adoption of the Plan by the Board and shall be granted a further option for two thousand five hundred (2,500) Shares upon each subsequent reelection to the Board. All new Non-Employee Directors duly

elected in the ten year period commencing on the date of the adoption of the Plan, shall be granted an option to acquire two thousand five hundred (2,500) Shares under the Plan upon their election to the Board and upon each subsequent reelection. The date of grant for such options granted to the four current Non-Employee Directors named above shall be the date of adoption of the Plan by the Board, but such options shall become effective as of such date of grant only upon approval of the Plan by the holders of Boston Beer's issued and outstanding Class B Common Stock in accordance with Section 13 hereof. The date of the first grant for each subsequently elected Non-Employee Director shall be the date of election. The options shall be non-qualified options not intended to meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

4. OPTION AGREEMENT

Each option granted under the Plan shall be evidenced by an option agreement (the "Agreement") duly executed on behalf of Boston Beer and by the Non-Employee Director to whom such option is granted. Each Agreement shall (i) comply with and be subject to the terms and conditions of the Plan, (ii) provide that the optionee agrees to continue to serve as a Director of Boston Beer during the term for which he or she was elected and (iii) contain such other provisions not inconsistent with the provisions of the Plan, including with respect to obligations of each Non-Employee Director not to compete with Boston Beer, as the Board may determine.

5. OPTION EXERCISE PRICE

Subject to the provisions of Section 9 hereof, the option exercise price for options granted under the Plan shall be the fair market value of the Shares covered by the option on the date of grant of the option. For the purposes hereof and of Section 6(b), the fair market value of Shares shall be the mean between the high and low sales prices of the Class A Common Stock of Boston Beer on the New York Stock Exchange as reported in the Wall Street Journal for the date of grant, provided that if the Class A Common Stock of Boston Beer is not listed on or actually trading on the New York Stock Exchange, fair market value shall be determined in good faith by the Board.

6. TIME AND MANNER OF EXERCISE OF OPTION

(a) Options granted under the Plan shall, subject to the provisions of Section 7, be immediately exercisable in full; provided, however, that no option granted under the Plan may be exercised prior to approval of the Plan by the holders of Boston Beer's issued and outstanding Class B Common Stock, as required by Section 13.

(b) The option may be exercised in full at one time or in part from time to time by giving written notice to Boston Beer, signed by the person or persons exercising the option, stating the number of Shares with respect to which the option is being exercised, accompanied by payment in full for such Shares, which payment may be in cash or in whole or in part in Shares of the Class A Common Stock of Boston Beer already owned for a period of at least six months by the person or persons exercising the option, valued at fair market value, as determined under Section 5 hereof, on the date of exercise; provided, however, that there shall be no such exercise at any one time as to fewer than two hundred fifty (250) Shares or all of the remaining Shares then purchasable by the person or persons exercising the option, if fewer than two hundred fifty (250) Shares. Upon such exercise, delivery of a certificate for paid-up non-assessable Shares shall be made at the principal Massachusetts office of Boston Beer to the person or persons exercising the option at such time, during ordinary business hours, not more than thirty (30) days from the date of receipt of the notice by Boston Beer, as shall be designated in such notice, or at such time, place and manner as may be agreed upon by Boston Beer and the person or persons exercising the option.

7. TERM OF OPTIONS

(a) Each option shall expire ten (10) years from the date of the granting thereof, but shall be subject to earlier termination as herein provided.

(b) In the event of the death of an optionee, the option granted to such optionee may be exercised by the estate of such optionee or by any person or persons who acquired the right to exercise such option by bequest or inheritance or otherwise by reason of the death of such optionee. Such option may be exercised at any time within one (1) year after the date of death of such optionee, at which time the option shall terminate, or

prior to the date on which the option otherwise expires by its terms, whichever is earlier.

(c) In the event that an optionee ceases to be a Director of Boston Beer the option granted to such optionee may be exercised by him or her, any time within three (3) years after the date such optionee ceases to be a Director of Boston Beer, at which time the option shall terminate, but in any event prior to the date on which the option expires by its terms, whichever is earlier, unless termination as a Director (i) was by Boston Beer for cause, in which case the option shall terminate immediately at the time the optionee ceases to be a Director of Boston Beer, (ii) was because the optionee has become disabled (within the meaning of Section 22(e)(3) of the Code), or (iii) was by reason of the death of the optionee. In the case of death, see Section 7(b) above. In the case of disability, the option may be exercised at any time within one (1) year after the date of termination of the optionee's directorship with Boston Beer, at which time the option shall terminate, but in any event prior to the date on which the option otherwise expires by its terms, whichever is earlier.

8. OPTIONS NOT TRANSFERABLE

The right of any optionee to exercise an option granted to him or her under the Plan shall not be assignable or transferable by such optionee otherwise than by will or the laws of descent and distribution, or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder. Any option granted under the Plan shall be exercisable during the lifetime of such optionee only by him or her. Any option granted under the Plan shall be null and void and without effect upon the bankruptcy of the optionee, or upon any attempted assignment or transfer, except as herein provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition, attachment, trustee process or similar process, whether legal or equitable, upon such option.

9. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION

In the event that the outstanding shares of the Class A Common Stock of Boston Beer are changed into or exchanged for a different number or kind of shares or other securities of Boston Beer or of another corporation by reason of any reorganization, merger, consolidation, recapitalization, reclassification, stock

split-up, combination of shares or dividends payable in capital stock, appropriate adjustment shall be made in the number and kind of shares as to which outstanding options, or portions thereof then unexercised, shall be exercisable, to the end that the proportionate interest of the optionee shall be maintained as before the occurrence of such event, and such adjustment in outstanding options shall be made without change in the total price applicable to the unexercised portion of such options and with a corresponding adjustment in the option price per share.

10. RESTRICTIONS ON ISSUE OF SHARES

Notwithstanding the provisions of Section 6 hereof, Boston Beer may delay the issuance of Shares covered by the exercise of any option granted under the Plan and the delivery of a certificate for such Shares until one of the following conditions shall be satisfied:

(i) the Shares with respect to which an option has been exercised are at the time of the issue of such Shares effectively registered under applicable Federal and state securities acts now in force or hereafter amended; or

(ii) counsel for Boston Beer shall have given an opinion, which opinion shall not be unreasonably conditioned or withheld, that such Shares are exempt from registration under applicable Federal and state securities acts now in force or hereafter amended.

It is intended that all exercises of options granted under the Plan shall be effective. Accordingly, Boston Beer shall use its best efforts to bring about compliance with the above conditions within a reasonable time, except that Boston Beer shall be under no obligation to cause a registration statement or a post-effective amendment to any registration statement to be prepared at its expense solely for the purpose of covering the issue of Shares in respect of which any option may be exercised, except as otherwise agreed to by Boston Beer in writing.

11. RIGHTS OF HOLDER ON PURCHASE FOR INVESTMENT; SUBSEQUENT REGISTRATION

Unless the Shares to be issued upon exercise of an option granted under the Plan have been effectively

registered under the Securities Act of 1933 (the "1933 Act"), as now in force or hereafter amended, Boston Beer shall be under no obligation to issue any Shares covered by any option unless the person who exercises such option, in whole or in part, shall give a written representation and undertaking to Boston Beer which is satisfactory in form and scope to counsel to Boston Beer and upon which, in the opinion of such counsel, Boston Beer may reasonably rely, that he or she is acquiring the Shares issued to him pursuant to such exercise of the option for his or her own account as an investment and not with a view to, or for sale in connection with, the distribution of any such Shares, and that he or she will make no transfer of the same except in compliance with any rules and regulations in force at the time of such transfer under the 1933 Act, or any other applicable law, and that if Shares are issued without such registration a legend to this effect may be endorsed upon the securities so issued. In the event that Boston Beer shall, nevertheless, deem it necessary or desirable to register under the 1933 Act or other applicable statutes any Shares with respect to which an option shall have been exercised, or to qualify any such Shares for exemption from the 1933 Act or other applicable statutes, then Boston Beer shall take such action at its own expense and may require from each optionee such information in writing for use in any registration statement, prospectus, preliminary prospectus or offering circular as is reasonably necessary for such purpose and may require reasonable indemnity to Boston Beer and its Officers and Directors from such holder against all losses, claims, damages and liabilities arising from such use of the information so furnished and caused by any untrue statement of any material fact therein or caused by the omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made.

12. LOANS PROHIBITED

Boston Beer shall not, directly or indirectly, lend money to an optionee or to any person or persons entitled to exercise an option by reason of the death of an optionee for the purpose of assisting any of them in the acquisition of Shares covered by an option granted under the Plan.

13. APPROVAL OF STOCKHOLDERS

The Plan shall be subject to approval by the affirmative vote of the holders of a majority of the issued

and outstanding shares of the Class B Common Stock of Boston Beer present or represented and entitled to vote at a duly held stockholders' meeting, or by written consent of all of the holders of such Class B Common Stock, and shall take effect immediately as of its date of adoption upon such approval.

14. EXPENSES OF THE PLAN

All costs and expenses of the adoption and administration of the Plan shall be borne by Boston Beer, and none of such expenses shall be charged to any

optionee.

15. TERMINATION AND AMENDMENT OF PLAN

Unless sooner terminated as herein provided, the Plan shall terminate ten (10) years from the date upon which the Plan was duly approved by the holders of Boston Beer's issued and outstanding Class B Common Stock. The Board may at any time terminate the Plan or make such modification or amendment thereof as it deems advisable; provided, however, that, except as provided in Section 9 hereof, no modification or amendment to the provisions of the Plan may be made more than once every six (6) months other than to comport with changes in the Code, the Employee Retirement Income Security Act, or the rules thereunder, if the effect of such amendment or modification would be to change (i) the requirements for eligibility under the Plan, (ii) the timing of the grants of options to be granted under the Plan or the exercise price thereof, or (iii) the number of Shares subject to options to be granted under the Plan either in the aggregate or to one Director. Any amendment to the provisions of the Plan which (i) materially increases the number of Shares which may be subject to options granted under the Plan, (ii) materially increases the benefits accruing to Non-Employee Directors under the Plan, or (iii) materially modifies the requirement for eligibility to participate in the Plan, shall be subject to approval by the holders of Boston Beer's Class B Common Stock obtained in the manner stated in Section 13 hereof. Termination or any modification or amendment of the Plan shall not, without the consent of an optionee, affect his or her rights under an option previously granted to him or her.

16. LIMITATION OF RIGHTS IN THE OPTION SHARES

An optionee shall not be deemed for any purpose to be a stockholder of Boston Beer with respect to any of the options except to the extent that the option shall have been exercised with respect thereto and, in addition,

a certificate shall have been issued theretofore and delivered to the optionee.

17. NOTICES

Any communication or notice required or permitted to be given under the Plan shall be in writing, and mailed by registered or certified mail or delivered by hand, if to Boston Beer, to its principal place of business, Attention: President, and, if to an optionee, to the address as appearing on the records of Boston Beer.

18. COMPLIANCE WITH RULE 16b-3.

It is the intention of Boston Beer that the Plan comply in all respects with Rule 16b-3 promulgated under Section 16(b) of the Securities Exchange Act of 1934 (the "1934 Act") and that Participants remain disinterested persons for purposes of administering other employee benefit plans of Boston Beer and having transactions under such other plans be exempt from Section 16(b) of the 1934 Act. Therefore, if any Plan provision is found not to be in compliance with Rule 16b-3 or if any Plan provisions would disqualify Participants from remaining disinterested persons, that provisions shall be deemed null and void, and in all events the Plan shall be construed in favor of its meeting the requirements of Rule 16b-3.

ADOPTED BY THE BOARD OF DIRECTORS ON MAY 21, 1996
APPROVED BY THE SOLE HOLDER OF THE CLASS B COMMON STOCK ON MAY 21, 1996.
AMENDED BY THE BOARD OF DIRECTORS AND THE SOLE HOLDER OF THE CLASS B COMMON STOCK EFFECTIVE DECEMBER 19, 1997.

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

Exhibit 11.
- - - - -

THE BOSTON BEER COMPANY, INC.
STATEMENT REGARDING COMPUTATION OF NET EARNINGS PER SHARE
(in thousands, except per share data)

	Year ended		
	December 27, 1997 ----	December 28, 1996 ----	December 31, 1995 ----
Weighted number average of common shares outstanding	20,323,764	19,969,633	16,991,001
Add: Common equivalent shares representing shares issuable upon conversion of stock options (using the treasury stock method)	166,688	382,363	685,511
Add: Common equivalent shares per SAB Topic 1B	-	-	230,253
Weighted average number of common and common equivalent shares	----- 20,490,452 =====	----- 20,351,996 =====	----- 17,906,765 =====
Net income	\$ 7,558 =====	\$ 8,385 =====	\$ 5,896(1) =====
Earnings per share - Basic	\$ 0.37 =====	\$ 0.42 =====	\$ 0.35(1) =====
Earnings per share - Diluted	\$ 0.37 =====	\$ 0.41 =====	\$ 0.33(1) =====

(1) Pro forma, see Note B on the accompanying Notes to the Consolidated Financial Statements.

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

EXHIBIT 21.1
- -----

List of Subsidiaries
and affiliates
of

The Boston Beer Company, Inc.

Boston Brewing Company, Inc.
(a Massachusetts corporation)

BBC Mass, Inc. (formerly H & Q Beverage Co., Inc.)
(a Massachusetts corporation)

The Wing Beer Co., Inc.
(a Texas corporation)

Sam Adams Investors, Inc.
(a Massachusetts corporation)

KJW Holdings, Inc.
(a Texas corporation)

Back Bay Beverage Company, Inc.
(a Delaware corporation)

BBC Del, Inc. (formerly Consumer Venture Beverage Co.)
(a Delaware corporation)

The following are subsidiaries of Boston Beer Company Limited Partnership, owned directly or indirectly (through Boston Brewing Company, Inc.) by The Boston Beer Company, Inc.

Oregon Beer and Brewing Co., Inc. I
(an Oregon corporation)

SBCC Company, Inc.
(a Delaware corporation)

Samuel Adams Brewery Company, Ltd.
(an Ohio limited liability company)

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
(Continued):

Exhibit 23.1
- - - - -

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statement of The Boston Beer Company, Inc. on Form S-8 (File No.333-12221) of our report dated February 13, 1998, on our audits of the consolidated financial statements of The Boston Beer Company, Inc. as of December 27, 1997, and December 28, 1996, and for each of the three years in the period ended December 27, 1997, which report is included in this Annual report on Form 10-K.

/s/ Coopers & Lybrand L.L.P.

Boston, Massachusetts
March 24, 1998

<ARTICLE> 5

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SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BOSTON BEER COMPANY, INC.'S CONSOLIDATED BALANCE SHEET AND CONSOLIDATED STATEMENTS OF OPERATIONS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FINANCIAL STATEMENTS.

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<F1>THIS NUMBER INCLUDES 16,337,744 SHARES OF CLASS A COMMON STOCK WITH A PAR VALUE OF \$163,000 AND 4,107,355 SHARES OF CLASS B STOCK WITH A PAR VALUE OF \$41,000.

</FN>

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<F1>THIS NUMBER INCLUDES 16,335,073 SHARES OF CLASS A COMMON STOCK WITH A PAR VALUE OF \$163,000 AND 4,107,355 SHARES OF CLASS B STOCK WITH A PAR VALUE OF \$41,000.

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<F1>THIS NUMBER INCLUDES 16,301,848 SHARES OF CLASS A COMMON STOCK WITH A PAR VALUE OF \$163,000 AND 4,107,355 SHARES OF CLASS B STOCK WITH A PAR VALUE OF \$41,000.

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<F1>THIS NUMBER INCLUDES 15,969,840 SHARES OF CLASS A COMMON STOCK WITH A PAR VALUE OF \$160,000 AND 4,107,355 SHARES OF CLASS B STOCK WITH A PAR VALUE OF \$41,000.

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<ARTICLE> 5

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<F1>THIS NUMBER INCLUDES 15,972,058 SHARES OF CLASS A COMMON STOCK WITH A PAR
VALUE OF \$160,000 AND 4,107,355 SHARES OF CLASS B STOCK WITH A PAR VALUE OF
\$41,000.

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<F1>THIS NUMBER INCLUDES 15,869,555 SHARES OF CLASS A COMMON STOCK WITH A PAR VALUE OF \$159,000 AND 4,107,355 SHARES OF CLASS B STOCK WITH A PAR VALUE OF \$41,000.

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<F1>THIS NUMBER INCLUDES 15,870,796 SHARES OF CLASS A COMMON STOCK WITH A PAR VALUE OF \$159,000 AND 4,107,355 SHARES OF CLASS B STOCK WITH A PAR VALUE OF \$41,000.

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<F1>THIS NUMBER INCLUDES 15,643,664 SHARES OF CLASS A COMMON STOCK WITH A PAR VALUE OF \$156,000 AND 4,107,355 SHARES OF CLASS B STOCK WITH A PAR VALUE OF \$41,000.

</FN>

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<F1>THIS NUMBER INCLUDES 15,643,664 SHARES OF CLASS A COMMON STOCK WITH A PAR VALUE OF \$156,000 AND 4,107,355 SHARES OF CLASS B STOCK WITH A PAR VALUE OF \$41,000.

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