

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

FORM 10-Q

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

For the quarterly period ended **June 29, 2002**

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES AND 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
(State or other jurisdiction of incorporation
or organization)

04-3284048
(I.R.S. Employer
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)

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

Number of shares outstanding of each of the issuer's classes of common stock, as of August 7, 2002:

Class A Common Stock, \$.01 par value
Class B Common Stock, \$.01 par value
(Title of each class)

11,596,928
4,107,355
(Number of shares)

TABLE OF CONTENTS

[CONSOLIDATED BALANCE SHEETS](#)

[CONSOLIDATED STATEMENTS OF OPERATIONS](#)

[CONSOLIDATED STATEMENTS OF CASH FLOWS](#)

[NOTES TO CONSOLIDATED FINANCIAL STATEMENTS](#)

[Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS](#)

[PART II. OTHER INFORMATION](#)

[Item 1. LEGAL PROCEEDINGS](#)

[Item 2. CHANGES IN SECURITIES](#)

[Item 3. DEFAULTS UPON SENIOR SECURITIES](#)

[Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS](#)

[Item 5. OTHER INFORMATION](#)

[Item 6. EXHIBITS AND REPORTS ON FORM 8-K](#)

[SIGNATURES](#)

[Ex-10.39 Second Amended and Restated Agreement](#)

[Ex-10.40 Guaranty Release Agreement](#)

[Ex-10.41 Second Amended and Restated Credit Agree.](#)

[Ex-99.1 Certification pursuant to 18 U.S.C.](#)

[Ex-99.2 Certification pursuant to 18 U.S.C.](#)

**THE BOSTON BEER COMPANY, INC. AND SUBSIDIARIES
FORM 10-Q**

**QUARTERLY REPORT
JUNE 29, 2002**

TABLE OF CONTENTS

	PAGE
PART I. FINANCIAL INFORMATION	
Item 1. Consolidated Financial Statements	
Consolidated Balance Sheets June 29, 2002 and December 29, 2001	3
Consolidated Statements of Operations for the Three and Six Months Ended June 29, 2002 and June 30, 2001	4
Consolidated Statements of Cash Flows for the Six Months Ended June 29, 2002 and June 30, 2001	5
Notes to Consolidated Financial Statements	6-8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	9-13
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	14
Item 2. Changes in Securities	14
Item 3. Defaults Upon Senior Securities	14
Item 4. Submission of Matters to a Vote of Security Holders	14
Item 5. Other Information	14
Item 6. Exhibits and Reports on Form 8-K	15-18
SIGNATURES	19

THE BOSTON BEER COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)
(unaudited)

	June 29, 2002	December 29, 2001
Assets		
Current Assets:		
Cash and cash equivalents	\$ 13,923	\$ 45,838
Short-term investments	36,971	2,031
Accounts receivable, net of the allowance for doubtful accounts of \$741 and \$625 as of June 29, 2002 and December 29, 2001, respectively	23,247	19,219
Inventories	9,842	9,323
Prepaid expenses	1,170	925
Deferred income taxes	2,074	2,291
Other current assets	1,520	844
Total current assets	88,747	80,471
Property, plant and equipment, net of accumulated depreciation of \$30,085 and \$29,816 as of June 29, 2002 and December 29, 2001, respectively	21,840	23,897
Other assets	2,142	1,750
Goodwill	1,377	1,377
Total assets	114,106	\$ 107,495
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 9,635	\$ 11,201
Accrued expenses	15,817	13,196
Total current liabilities	25,452	24,397
Long-term deferred income taxes	3,746	3,583
Other long-term liabilities	894	1,336
Commitment and Contingencies		
Stockholders' Equity:		
Class A Common Stock, \$.01 par value; 22,700,000 shares authorized; 16,591,188 and 16,544,104 issued and outstanding as of June 29, 2002 and December 29, 2001, respectively	166	165
Class B Common Stock, \$.01 par value; 4,200,000 shares authorized; 4,107,355 issued and outstanding	41	41
Additional paid-in-capital	58,018	57,610
Unearned compensation	(220)	(212)
Other comprehensive income	110	—
Retained earnings	61,769	55,647
Less: Treasury Stock 4,377,344 and 4,328,300 shares as of June 29, 2002 and December 29, 2001, at cost, respectively	(35,870)	(35,072)
Total stockholders' equity	84,014	78,179
Total liabilities and stockholders' equity	\$ 114,106	\$ 107,495

The accompanying notes are an integral part of these consolidated financial statements

THE BOSTON BEER COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)
(unaudited)

	Three months ended		Six months ended	
	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
Sales	\$ 65,217	\$ 53,877	\$ 115,696	\$ 100,095
Less excise taxes	6,345	5,244	11,164	9,786
Net sales	58,872	48,633	104,532	90,309
Cost of sales	23,369	19,429	41,881	36,866
Gross profit	35,503	29,204	62,651	53,443
Operating expenses:				
Advertising, promotional and selling expenses	24,592	18,369	46,277	33,576
General and administrative expenses	3,824	3,110	7,348	6,837
Total operating expenses	28,416	21,479	53,625	40,413
Operating income	7,087	7,725	9,026	13,030
Other income:				
Interest income, net	198	353	397	830
Other income	928	10	1,026	97
Total other income	1,126	363	1,423	927
Income before provision for income taxes	8,213	8,088	10,449	13,957
Provision for income taxes	3,410	3,372	4,327	5,792
Net income	\$ 4,803	\$ 4,716	\$ 6,122	\$ 8,165
Earnings per common share – basic	\$ 0.29	\$ 0.29	\$ 0.37	\$ 0.50
Earnings per common share — diluted	\$ 0.29	\$ 0.29	\$ 0.37	\$ 0.49
Weighted average number of common shares – basic	16,354	16,461	16,353	16,458
Weighted average number of common shares – diluted	16,682	16,534	16,689	16,563

The accompanying notes are an integral part of these consolidated financial statements

THE BOSTON BEER COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)
(unaudited)

	Six months ended	
	June 29, 2002	June 30, 2001
Cash flows from operating activities:		
Net income	\$ 6,122	\$ 8,165
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,879	3,270
Loss (gain) on disposal of fixed assets	206	(46)
Bad debt expense	116	—
Stock option compensation expense	42	44
Changes in assets and liabilities:		
Accounts receivable	(4,144)	(4,858)
Inventory	(519)	1,600
Prepaid expenses	(244)	523
Other current assets	(598)	90
Deferred Taxes	380	—
Other assets	(899)	(37)
Accounts payable	(1,566)	2,140
Accrued expenses	2,620	2,599
Other long-term liabilities	(206)	(358)
Net cash provided by operating activities	<u>4,189</u>	<u>13,132</u>
Cash flows from investing activities:		
Purchases of available-for-sale investments	(33,832)	(8,000)
Purchases of held-to-maturity investments	(9,026)	(8,132)
Maturities of short-term investments	8,028	9,540
Purchases of property, plant and equipment	(947)	(2,445)
Proceeds on disposal of fixed assets	202	46
Net cash used in investing activities	<u>(35,575)</u>	<u>(8,991)</u>
Cash flows from financing activities:		
Purchase of treasury stock	(798)	(2,656)
Proceeds from exercise of stock options	228	—
Net proceeds from sale of investment shares	41	132
Net cash used in financing activities	<u>(529)</u>	<u>(2,524)</u>
Net (decrease) increase in cash and cash equivalents	(31,915)	1,617
Cash and cash equivalents at beginning of period	45,838	25,750
Cash and cash equivalents at end of period	<u>\$ 13,923</u>	<u>\$27,367</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ —	\$ 11
Income taxes paid	\$ 2,041	\$ 2,148

The accompanying notes are an integral part of these consolidated financial statements

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

A. BASIS OF PRESENTATION

The Boston Beer Company, Inc. and its subsidiaries (the "Company") is engaged in the business of brewing and selling malt beverages and cider products throughout the United States and in selected international markets. The accompanying consolidated financial position as of June 29, 2002 and the results of its consolidated operations and consolidated cash flows for the quarters ended June 29, 2002 and June 30, 2001 have been prepared by the Company, without audit, in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required for complete financial statements by generally accepted accounting principles and should be read in conjunction with the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 29, 2001.

Management's Opinion

In the opinion of the Company's management, the Company's unaudited consolidated financial position as of June 29, 2002 and the results of its consolidated operations and consolidated cash flows for the interim periods ended June 29, 2002 and June 30, 2001, reflect all adjustments (consisting only of normal and recurring adjustments) necessary to present fairly the results of the interim periods presented. The operating results for the interim periods presented are not necessarily indicative of the results expected for the full year.

B. SHORT-TERM INVESTMENTS

Short-term investments held by the Company as of June 29, 2002 were classified as available-for-sale, held-to-maturity, and trading securities, depending upon the nature of the investment. Available-for-sale investments include mutual funds comprised of United States taxable and tax-advantaged government-related securities. The cost of available-for-sale investments were \$32.5 million and \$0, as of June 29, 2002 and December 29, 2001, respectively. Available-for-sale securities are recorded at fair market value, with the change in fair market value during the period excluded from earnings and recorded net of tax as a component of other comprehensive income. Held-to-maturity investments consisted of debt securities, which typically mature in one year or less and are valued at amortized cost, which approximates fair value. The Company has the positive intent and ability to hold these securities until maturity. The aggregate fair value at June 29, 2002 and December 29, 2001 was \$3.0 million and \$2.0 million, respectively, for investments in United States government obligations and corporate debt. The Company received equity securities during the quarter ended June 29, 2002 as a result of the demutualization of a third party insurance company. These securities were classified as trading securities with unrealized income of \$1.3 million reflected in the income statement as of June 29, 2002.

The Company recorded unrealized gains of approximately \$110,000 and \$106,000 on available-for-sale securities as of June 29, 2002 and June 30, 2001. There were no realized gains or losses recorded during the period ended June 29, 2002 and June 30, 2001.

C. INVENTORIES

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

Inventories consist of the following (in thousands):

	June 29, 2002	December 29, 2001
Raw materials, principally hops	\$ 7,901	\$ 7,605
Work in process	753	773
Finished goods	1,188	945
	<u>\$9,842</u>	<u>\$ 9,323</u>

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

D. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share in accordance with Statement of Financial Accounting Standard No. 128 (in thousands, except per share data):

	For the three months ended		For the six months ended	
	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
Net income	\$ 4,803	\$ 4,716	\$ 6,122	\$ 8,165
Shares used in earnings per common share — basic	16,354	16,461	16,353	16,458
Dilutive effect of common equivalent shares – stock options	328	73	336	105
	16,682	16,534	16,689	16,563
Earnings per common share — basic	\$ 0.29	\$ 0.29	\$ 0.37	\$ 0.50
Earnings per common share — diluted	\$ 0.29	\$ 0.29	\$ 0.37	\$ 0.49

E. COMPREHENSIVE INCOME

Comprehensive income calculated in accordance with Statement of Financial Accounting Standard No. 130 is as follows (in thousands):

	For the three months ended		For the six months ended	
	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
Net income	\$ 4,803	\$ 4,716	\$ 6,122	\$ 8,165
Plus: unrealized gain on available-for-sale Securities	109	76	110	106
Comprehensive income	\$ 4,912	\$ 4,792	\$ 6,232	\$ 8,271

Accumulated other comprehensive income calculated in accordance with Statement of Financial Accounting Standard No. 130 is as follows (in thousands):

	For the three months ended		For the six months ended	
	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
Beginning Balance	\$ 1	\$ 30	\$ —	\$ —
Unrealized gain on available-for-sale securities	109	76	110	106
Ending balance	\$ 110	\$ 106	\$ 110	\$ 106

F. GOODWILL

Effective January 1, 2002 the Company adopted Financial Accounting Standards Board Statements of Financial Accounting Standards No. 142 (SFAS 142), Goodwill and other Intangible Assets. Under the new rules, goodwill will no longer be amortized but will be subject to annual impairment tests in accordance with the Statements. SFAS No. 142 requires that purchased goodwill and certain indefinite-lived intangibles no longer be amortized, but instead be tested for impairment at least annually.

SFAS No. 142 prescribes a two-phase process for impairment testing of goodwill. The first phase, required to be completed by June 30, 2002, screens for impairment; while the second phase (if necessary), required to be completed by December 31, 2002,

[Table of Contents](#)

measures the impairment. The Company completed its first phase impairment analysis during the current quarter and found no instances of impairment of its recorded goodwill; accordingly, the second testing phase, absent future indicators of impairment, is not necessary during 2002.

The Company recorded approximately \$24,000 and \$48,000 of goodwill amortization during the three and six months ended June 30, 2001, respectively. In accordance with SFAS No. 142, the Company recorded no amortization related to goodwill during 2002. The pro-forma effect of goodwill amortization is not deemed to be material.

G. RECENT ACCOUNTING POUNDNCEMENTS

The Company adopted SFAS No. 141 and SFAS No. 142. SFAS No. 141 requires business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting. It also specifies the types of acquired intangible assets that are required to be recognized and reported separate from goodwill. SFAS No. 142 requires that goodwill and certain intangibles no longer be amortized, but instead tested for impairment at least annually. Under SFAS No. 142 goodwill amortization is not recorded. The Company recorded approximately \$100,000 of goodwill amortization in 2001. As required under this Statement, the initial testing of goodwill for possible impairment has been completed within the first six months of 2002 and final testing, if possible impairment has been identified, will be completed by the end of the year. After completion of initial testing of goodwill for possible impairment, the Company has determined that goodwill is not impaired.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This Statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This Statement applies to all entities. It applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and (or) the normal operation of a long-lived asset, except for certain obligations of lessees. SFAS No. 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002. The Company expects that the initial application of SFAS No. 143 will not have a material impact on its financial statements.

On October 3, 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." SFAS No. 144 applies to all long-lived assets (including discontinued operations) and consequently amends Accounting Principles Board Opinion No. 30. SFAS No. 144 develops one accounting model for long-lived assets that are to be disposed of by sale. SFAS No. 144 requires that long-lived assets that are to be disposed of by sale be measured at the lower of book value or fair value less cost to sell. Additionally, SFAS No. 144 expands the scope of discontinued operations to include all components of an entity with operations that (1) can be distinguished from the rest of the entity and (2) will be eliminated from the ongoing operations of the entity in a disposal transaction. SFAS No. 144 is effective for the Company for all financial statements issued in fiscal 2003. The Company expects that the initial application of SFAS No. 144 will not have a material impact on its financial statements.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements 4, 44 and 64, Amendment to FASB Statement 13, and Technical Corrections". One of the major changes of this statement is to change the accounting for the classification of gains and losses from the extinguishment of debt. Upon adoption, the Company will follow APB 30, Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions in determining whether such extinguishment of debt may be classified as extraordinary. The provisions of this statement related to the rescission of FASB Statement 4 shall be applied in fiscal years beginning after May 15, 2002 with early application encouraged. The Company believes that the adoption of SFAS No. 145 will not have a material impact on its financial statements.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Cost Associated with Exit or Disposal Activities". SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. The provisions of SFAS No. 146 are effective for exit or disposal activities that are initiated after December 31, 2002. The Company believes that the adoption of SFAS No. 146 will not have a material impact on its financial statements.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of the financial condition and results of operations of the Company for the three and six-month periods ended June 29, 2002 as compared to the three and six-month periods ended June 30, 2001. This discussion should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations, Consolidated Financial Statements of the Company and Notes thereto included in the Form 10-K for the fiscal year ended December 29, 2001.

RESULTS OF OPERATIONS

For purposes of this discussion, Boston Beer's "core brands" include all products sold under the Samuel Adams®, Oregon Original™, HardCore® and Twisted Tea® trademarks. "Core brands" do not include the products brewed at the Cincinnati Brewery under contract arrangements for third parties. Volume produced under contract arrangements is referred to below as "non-core products". Boston Beer's flagship product is Samuel Adams Boston Lager®.

Three Months Ended June 29, 2002 compared to Three Months Ended June 30, 2001

Net sales. Net sales increased by \$10.2 million or 21.1% to \$58.9 million for the three months ended June 29, 2002 from \$48.6 million for the three months ended June 30, 2001. The increase is primarily due to an increase in volume of Boston Beer's core brands and an increase in average price.

Volume. Total volume increased by 16.1% to 353,000 barrels in the three months ended June 29, 2002 from 304,000 barrels in the three months ended June 30, 2001. Core brands increased by 21.0% to 351,000 barrels for the quarter ended June 29, 2002 from 290,000 barrels for the quarter ended June 30, 2001. The increase in core brands is primarily due to volume contributed from a new product, Sam Adams Light™, and to an increase in seasonal brand volume. Sam Adams Light™ was initially launched in certain test markets during the second half of 2001. The Company subsequently introduced the new product in New York, Chicago, parts of New Jersey, Arizona, and Hawaii during the second quarter 2002. Results in the Sam Adams Light™ markets have been positive and the Company plans to have completed its national launch by year-end.

Non-core volume decreased by 85.7% to 2,000 barrels for the quarter ended June 29, 2002 from 14,000 barrels for the quarter ended June 30, 2001. The decline in non-core volume is primarily due to the expiration in June 2001 of the production contract with the Company's largest customer of non-core products. As gross profit is significantly lower on non-core products as compared to core brands, the Company does not believe that this change will have a material impact on its financial position, results of operations or cash flows in the short or long-term.

Selling Price. The selling price per barrel increased approximately 4.4% to \$166.78 per barrel for the quarter ended June 29, 2002. This increase is due to a decline in non-core volume, changes in the packaging mix, and normal price increases. As net selling price is significantly lower for non-core products as compared to core brands, the decline in non-core products effectively increased the combined net selling price per equivalent barrel. The ratio of bottles to kegs increased, with bottles representing 72.3% of total shipments in the three months ended June 29, 2002 as compared to 67.8% for the same period last year. The shift in the mix to bottles from kegs effectively increased revenue per barrel, as the selling price per equivalent barrel is higher for bottles than for kegs. This shift is primarily due to the introduction of Sam Adams Light™, as this product is only available in bottles.

Gross Profit. Gross profit was 60.3% as a percentage of net sales or \$100.58 per barrel for the quarter ended June 29, 2002, as compared to 60.1% and \$95.91 for the quarter ended June 30, 2001. The increase was primarily due to a decline in non-core products, packaging mix changes, offset by an increase in cost of goods sold.

Cost of sales increased by \$2.29 per barrel to 39.7% as a percentage of net sales or \$66.20 per barrel for the quarter ended June 29, 2002, as compared to 40.0% as a percentage of net sales or \$63.81 per barrel for the quarter ended June 30, 2001. This is primarily due to a decline in non-core products and packaging mix changes.

Significant changes in the packaging mix would also have a material effect on gross profit. Assuming the same level of production, a shift in the mix to bottles from kegs would effectively increase gross profit sold per barrel, as the gross profit per equivalent barrel is higher for bottles than for kegs.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Advertising, Promotional and Selling. As a percentage of net sales, advertising, promotional and selling expenses were 41.8% for the quarter ended June 29, 2002, as compared to 37.8% for the quarter ended June 30, 2001. Advertising, promotional and selling expenses increased by \$6.2 million or 33.9% to \$24.6 million for the three months ended June 29, 2002, compared to \$18.4 million for the three months ended June 30, 2001. This increase is primarily due to the investment in brand support for the launch of Sam Adams Light™ in several markets. The Company plans to launch Sam Adams Light™ in all remaining United States markets with similar high investment levels in brand support.

General and Administrative. General and administrative expenses increased by 23.0% or \$714,000 to \$3.8 million for the quarter ended June 29, 2002 as compared to the same period last year. The increase was primarily due to wage increases, as well as increases in rent and utilities, consulting, and legal fees.

Interest income, net. Interest income decreased by 44.0% to \$198,000 for the quarter ended June 29, 2002 from \$353,000 for the quarter ended June 29, 2001. This decrease is primarily due to a significant decline in interest rates during the quarter ended June 29, 2002, as compared to the same period last year.

Other income. Other income increased by \$918,000 to \$928,000 for the quarter ended June 29, 2002 from \$10,000 for the quarter ended June 30, 2001. For the three months ended June 29, 2002, the Company received shares of stock from the demutualization of a third party insurance provider. The Company recorded the value of this stock receipt, or \$1.3 million in the quarter ended June 29, 2002. This gain was partially offset by losses relating to the disposal of assets.

Provision for income taxes. The Company anticipates that its effective tax rate will be approximately 41.0% for the year ended December 28, 2002, as contrasted with 40.7% for the year ended December 29, 2001.

Six Months Ended June 29, 2002 compared to Six Months Ended June 30, 2001

Net sales. Net sales increased by \$14.2 million or 15.7% to \$104.5 million for the six months ended June 29, 2002 from \$90.3 million for the six months ended June 30, 2001. The increase is primarily due to an increase in volume of Boston Beer's core brands coupled with increases in selling prices.

Volume. Total volume increased by 9.4% to 628,000 barrels in the six months ended June 29, 2002 from 574,000 barrels in the six months ended June 30, 2001. Core brands increased by 13.6% to 625,000 barrels for the six months ended June 29, 2002 from 550,000 barrels for the six months ended June 30, 2001. The increase in core brands is primarily due to increases in year round products, specifically Sam Adams Light™. Sam Adams Light™ was initially launched in certain test markets during the second half of 2001. By the end of the first half of 2002, the Company had launched the new product in the following markets: New England, San Diego, Columbus, New York, Chicago, parts of New Jersey, Arizona, and Hawaii. Results in the Sam Adams Light™ markets have been positive and the Company plans to have completed its national launch by year-end.

Non-core volume decreased by 87.5% to 3,000 barrels for the six months ended June 29, 2002 from 24,000 barrels for the six months ended June 30, 2001. The decline in non-core volume is primarily due to the expiration in June 2001 of the production contract with the Company's largest customer of non-core products. As gross profit is significantly lower on non-core products as compared to core brands, the Company does not believe that this change will have a material impact on its financial position, results of operations or cash flows in the short and long-term.

Selling Price. The selling price per barrel increased approximately 5.8% to \$166.45 per barrel for the six months ended June 29, 2002. This increase is due to a decline in non-core volume, changes in the packaging mix, and price increases. As net selling price is significantly lower for non-core products as compared to core brands, the decline in non-core products effectively increased the combined net selling price per equivalent barrel. The ratio of bottles to kegs increased, with bottles representing 71.5% of total shipments in the six months ended June 29, 2002 as compared to 67.9% for the same period last year. The shift in the mix to bottles from kegs effectively increased revenue per barrel, as the selling price per equivalent barrel is higher for bottles than for kegs. This shift is primarily due to the introduction of Sam Adams Light™, as this product is only available in bottles.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Gross Profit. Gross profit was 59.9% as a percentage of net sales or \$99.76 per barrel for the six months ended June 29, 2002, as compared to 59.2% and \$93.03 for the six months ended June 30, 2001. The increase was primarily due to a decline in non-core products, packaging mix changes, price increases, offset by an increase in cost of goods sold.

Cost of sales increased by \$2.46 per barrel to 40.1% as a percentage of net sales or \$66.69 per barrel for the six months ended June 29, 2002, as compared to 40.8% as a percentage of net sales or \$64.17 per barrel for the six months ended June 30, 2001. This is primarily due to a decline in non-core products and packaging mix changes.

Significant changes in the packaging mix would also have a material effect on gross profit. Assuming the same level of production, a shift in the mix to bottles from kegs would effectively increase gross profit sold per barrel, as the gross profit per equivalent barrel is higher for bottles than for kegs.

Advertising, Promotional and Selling. As a percentage of net sales, advertising, promotional and selling expenses were 44.3% for the six months ended June 29, 2002, as compared to 37.2% for the six months ended June 30, 2001. Advertising, promotional and selling expenses increased by \$12.7 million or 37.8% to \$46.3 million for the six months ended June 29, 2002, compared to \$33.6 million for the six months ended June 30, 2001. This increase is primarily due to the investment in brand support for the launch of Sam Adams Light™ in several markets. As of June 29, 2002, the Company has launched Sam Adams Light™ in several domestic markets: New England, San Diego, Columbus, New York, Chicago, parts of New Jersey, Arizona, and Hawaii. The Company plans to launch all remaining United States markets during the third and fourth quarter of 2002, supported by similar high levels of investment in brand support.

General and Administrative. General and administrative expenses increased by 7.5% or \$511,000 to \$7.3 million for the six months ended June 29, 2002 as compared to the same period last year. The increase was primarily due to wage increases as well as increases in increases in rent and utilities, offset by decreases in recruiting expenses.

Interest income, net. Interest income decreased by 52.2% to \$397,000 for the six months ended June 29, 2002 from \$830,000 for the six months ended June 29, 2001. This decrease is primarily due to a significant decline in interest rates during the six months ended June 29, 2002, as compared to the same period last year.

Other income. Other income increased by \$929,000 to \$1.0 million for the six months ended June 29, 2002 from \$97,000 for the six months ended June 30, 2001. During the second quarter 2002, the Company received shares of stock from the demutualization of a third party insurance provider. The Company recorded the value of this stock receipt of \$1.3 million in the six months ended June 29, 2002. This gain was partially offset by losses relating to the disposal of assets.

Provision for income taxes. The Company anticipates that its effective tax rate will be approximately 41.0% for the year ended December 28, 2002, as contrasted with 40.7% for the year ended December 29, 2001.

LIQUIDITY AND CAPITAL RESOURCES

The company's financial condition continued to be strong during the first half of 2002. Cash and short-term investments increased to \$50.9 million as of June 29, 2002 from \$47.9 million as of December 29, 2001. For the six months ended June 29, 2002, cash (excluding short-term investments) provided by operating activities of \$4.2 million offset cash used in investing activities of \$35.6 million and cash used in financing activities of \$529,000. Cash provided by operating activities during the first six months ended 2002 was significantly lower than operating cash flow for the same period in 2001 due to the higher advertising and promotional expenditures incurred to support the launch of Sam Adams Light™.

The Board of Directors has authorized an aggregate expenditure limitation of \$45.0 million pursuant to the Company's share repurchase program. As of June 29, 2002, the Company had repurchased a total of 4.4 million shares under this program at a cost of \$35.9 million. The Company repurchased 49,000 shares of its outstanding Class A Common Stock during the second quarter of 2002.

The Company utilized \$947,000 for the purchase of capital equipment during the six months ended June 29, 2002 as compared to \$2.4 million during the same period last year. Purchases during the first half of 2002 primarily consisted of kegs and computer equipment.

[Table of Contents](#)

With working capital of \$63.3 million and \$45.0 million in unused bank lines of credit as of June 29, 2002, the Company believes that its existing resources should be sufficient to meet the Company's short-term and long-term operating and capital requirements. The Company's credit facility as of June 29, 2002 consisted of a \$15.0 million revolving line of credit (which would have expired on March 31, 2004) and an additional \$30.0 million credit facility, borrowings under which would have converted to a term loan on March 31, 2002, had the facility not been extended through June 30, 2002. Effective July 1, 2002, a new \$45.0 million credit facility has subsequently replaced the existing credit facilities that were existing as of June 29, 2002. The new facility expires on March 31, 2007. There were no amounts outstanding under the Company's credit facilities as of June 29, 2002 or as of the date of this filing.

THE POTENTIAL IMPACT OF KNOWN FACTS, COMMITMENTS, EVENTS AND UNCERTAINTIES

Brewery-Related Transactions

The Company believes that it will have adequate capacity for the production of its products for the foreseeable future, but that the economics of that capacity may change as supply and demand for contract capacity changes (see 10-K for full discussion). In that regard, in April 2002, the Company and High Falls Brewing Company, LLC renegotiated their existing contract brewing agreement, restructuring certain pricing terms, volume requirements, termination provisions and other matters, the result of which extends the Company's option to produce at High Falls through 2010, at slightly less favorable economics than had existed previously. In connection with this new agreement, the Company released the guaranty of the obligations of High Falls Brewing Company, LLC by the Genesee Brewing Company, Inc.

Hops Purchase Commitments

The Company utilizes several varieties of hops in the production of its products. To ensure adequate supplies of these varieties, the Company enters into advance multi-year purchase commitments based on forecasted future hop requirements among other factors.

During 2001, the Company completed certain hop disposal transactions and cancelled certain hop future contracts. The transactions were deemed necessary in order to bring hop inventory levels and future contracts into balance with the Company's current brewing volume and hop usage, as the Company did not believe that these hop inventories and future hop contracts would be used by the Company within the foreseeable future. During the six months ending June 29, 2002 and June 30, 2001, the Company did not record significant charges for inventory reserves and cancellation fees associated with excess hops inventories and purchase commitments.

The computation of the excess inventory and purchase commitment reserve requires management to make certain assumptions regarding future sales growth, product mix, cancellation costs and supply, among others. The Company's accounting policy for hops inventory and purchase commitments is to recognize a loss by establishing a reserve to the extent inventory levels and commitments exceed forecasted needs. The Company continues to manage inventory levels and purchase commitments in an effort to maximize utilization of hops on hand and hops under commitment. The current levels are deemed adequate, based upon foreseeable future brewing requirements. The Company does not anticipate further material losses related to hop inventories or contract commitments within the foreseeable future. However, if actual results differ from management's assumptions or if management assumptions change regarding future sales growth, product mix, and hop market conditions, future material losses could result.

Recent Accounting Pronouncements

The Company adopted SFAS No. 141 and SFAS No. 142. SFAS No. 141 requires business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting. It also specifies the types of acquired intangible assets that are required to be recognized and reported separate from goodwill. SFAS No. 142 requires that goodwill and certain intangibles no longer be amortized, but instead tested for impairment at least annually. Under SFAS No. 142 goodwill amortization is not recorded. The Company recorded approximately \$100,000 of goodwill amortization in 2001. As required under this Statement, the initial testing of goodwill for possible impairment has been completed within the first six months of 2002 and final testing, if possible impairment has been identified, will be completed by the end of the year. After completion of initial testing of goodwill for possible impairment, the Company has determined that goodwill is not impaired.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This Statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This Statement applies to all entities. It applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and (or) the normal operation of a long-lived asset, except for certain obligations of lessees. SFAS No. 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002. The Company expects that the initial application of SFAS No. 143 will not have a material impact on its financial statements.

On October 3, 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." SFAS No. 144 applies to all long-lived assets (including discontinued operations) and consequently amends Accounting Principles Board Opinion No. 30. SFAS No. 144 develops one accounting model for long-lived assets that are to be disposed of by sale. SFAS No. 144 requires that long-lived assets that are to be disposed of by sale be measured at the lower of book value or fair value less cost to sell. Additionally, SFAS No. 144 expands the scope of discontinued operations to include all components of an entity with operations that (1) can be distinguished from the rest of the entity and (2) will be eliminated from the ongoing operations of the entity in a

[Table of Contents](#)

disposal transaction. SFAS No. 144 is effective for the Company for all financial statements issued in fiscal 2003. The Company expects that the initial application of SFAS No. 144 will not have a material impact on its financial statements.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements 4, 44 and 64, Amendment to FASB Statement 13, and Technical Corrections". One of the major changes of this statement is to change the accounting for the classification of gains and losses from the extinguishment of debt. Upon adoption, the Company will follow APB 30, Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions in determining whether such extinguishment of debt may be classified as extraordinary. The provisions of this statement related to the rescission of FASB Statement 4 shall be applied in fiscal years beginning after May 15, 2002 with early application encouraged. The Company believes that the adoption of SFAS No. 145 will not have a material impact on its financial statements.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Cost Associated with Exit or Disposal Activities". SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. The provisions of SFAS No. 146 are effective for exit or disposal activities that are initiated after December 31, 2002. The Company believes that the adoption of SFAS No. 146 will not have a material impact on its financial statements.

Critical Accounting Policies

The Company's financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. Critical accounting policies for the Company are outlined in the Form 10-K, Footnote B for the fiscal year ended December 29, 2001. Also, refer to *Hops Purchase Commitments* above.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Since December 29, 2001, there have been no significant changes in the Company's exposures to interest rate or foreign currency rate fluctuations. The Company currently does not enter into derivatives or other market risk sensitive instruments for the purpose of hedging or for trading purposes.

FORWARD-LOOKING STATEMENTS

In this Form 10-Q and in other documents incorporated herein, as well as in oral statements made by the Company, statements that are prefaced with the words "may," "will," "expect," "anticipate," "continue," "estimate," "project," "intend," "designed" and similar expressions, are intended to identify forward-looking statements regarding events, conditions, and financial trends that may affect the Company's future plans of operations, business strategy, results of operations and financial position. These statements are based on the Company's current expectations and estimates as to prospective events and circumstances about which the Company can give no firm assurance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date factor that may emerge, forward-looking statements should not be relied upon as a prediction of actual future financial condition or results. These forward-looking statements, like any forward-looking statements, involve risks and uncertainties that could cause actual results to differ materially from those projected or unanticipated. Such risks and uncertainties include the factors set forth below in addition to the other information set forth in this Form 10-Q.

PART II. OTHER INFORMATION

Item 1. 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, individually or in the aggregate, have a material adverse effect upon its financial condition or results of operations.

Item 2. CHANGES IN SECURITIES

Not Applicable

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held its Annual Meeting of Stockholders on May 21, 2002. The following items were voted upon at that time.

“RESOLVED: That Pearson C. Cummin, III, Robert N. Hiatt and James C. Kautz be, and they hereby are, elected Class A Directors of the Corporation, to serve for a term of one year, ending on the date of the 2003 Annual Meeting of Stockholders in accordance with the By-Laws and until their respective successors are duly chosen and qualified.”

The results of the vote were, as follows:

Election of Class A Directors:

	For	Withheld
Pearson C. Cummin, III	9,309,997	17,631
Robert N. Hiatt	9,307,555	20,073
James C. Kautz	9,296,900	30,728

Mr. C. James Koch, as the sole holder of the Corporation's Class B Common Stock, voted on the election of four (4) Class B Directors.

“RESOLVED: That C. James Koch, Charles Joseph Koch, Martin F. Roper and John B. Wing be, and they hereby are, elected Class B Directors of the Corporation to serve for a term of one year ending on the date of the 2003 Annual Meeting of Stockholders in accordance with the By-Laws and until their respective successors are duly chosen and qualified.”

The results of the vote were, as follows:

Election of Class B Directors:

	For	Withheld
C. James Koch	4,107,355	0
Charles Joseph Koch	4,107,355	0
Martin F. Roper	4,107,355	0
John B. Wing	4,107,355	0

Item 5. OTHER INFORMATION

Not Applicable

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

<u>Exhibit No.</u>	<u>Title</u>
3.1	Amended and Restated By-Laws of the Company, dated June 2, 1998 (incorporated by reference to Exhibit 3.5 to the Company's Form 10-Q filed on August 10, 1998)
3.2	Restated Articles of Organization of the Company, dated July 21, 1998 (incorporated by reference to Exhibit 3.6 to the Company's Form 10-Q filed on August 10, 1998)
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 (incorporated by reference to the Company's Form 10-K, filed on April 1, 1996)
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 (incorporated by reference to the Company's Form 10-K, filed on April 1, 1996)
+10.9	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)
+10.10	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)

[Table of Contents](#)

<u>Exhibit No.</u>	<u>Title</u>
+10.11	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)
10.12	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)
+10.13	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)
+10.14	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)
10.15	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 10.15 to the Company's Registration Statement No. 33-96162)
+10.16	Letter Agreement between Boston Beer Company Limited Partnership and Joseph E. Seagram & Sons, Inc. (incorporated by reference to Exhibit 10.16 to the Company's Registration Statement No. 33-96162)
10.17	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 (incorporated by reference to Exhibit 10.17 to the Company's Registration Statement No. 33-96164)
10.18	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)
10.19	1996 Stock Option Plan for Non-Employee Directors (incorporated by reference to the Company's Form 10-K, filed on March 31, 1997)
+10.20	Production Agreement between The Stroh Brewery Company and Boston Beer Company Limited Partnership, dated January 14, 1997 (incorporated by reference to the Company's Form 10-K, filed on March 31, 1997)
+10.21	Letter Agreement between The Stroh Brewery Company and Boston Beer Company Limited Partnership, dated January 14, 1997 (incorporated by reference to the Company's Form 10-K, filed on March 31, 1997)
+10.22	Agreement between Boston Beer Company Limited Partnership and The Schoenling Brewing Company, dated May 22, 1996 (incorporated by reference to the Company's Form 10-K, filed on March 31, 1997)
10.23	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)
+10.24	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)

[Table of Contents](#)

<u>Exhibit No.</u>	<u>Title</u>
+10.26	Fifth Amendment, dated December 31, 1997, to Amended and Restated Agreement between Pittsburgh Brewing Company and Boston Brewing Company, Inc. (incorporated by reference to the Company's Form 10-K, filed on March 26, 1998)
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. (incorporated by reference to the Company's Form 10-K, filed on March 26, 1998)
+10.28	Employee Equity Incentive Plan, as amended and effective on December 19, 1997 (incorporated by reference to the Company's Form 10-K, filed on March 26, 1998)
+10.29	1996 Stock Option Plan for Non-Employee Directors, as amended and effective on December 19, 1997 (incorporated by reference to the Company's Form 10-K, filed March 26, 1998)
+10.30	Glass Supply Agreement between The Boston Beer Company and Owens' Brockway Glass Container Inc., dated April 30, 1998 (incorporated by reference to the Company's Form 10-Q, filed on August 10, 1998)
10.31	Extension letters, dated April 13, 1998, April 27, 1998, June 11, 1998, June 25, 1998 and July 20, 1998 between The Stroh Brewery Company and Boston Brewing Company, Inc. (incorporated by reference to the Company's Form 10-Q, filed on August 10, 1998)
+10.33	Amended and Restated Production Agreement between The Stroh Brewery Company and Boston Beer Company Limited Partnership, dated November 1, 1998 (incorporated by reference to the Company's Form 10-K, filed on March 25, 1999)
10.34	Agreement between Boston Beer Company Limited Partnership, Pabst Brewing Company and Miller Brewing Company, dated February 5, 1999 (incorporated by reference to the Company's Form 10-K, filed on March 25, 1999)
10.35	Amendment to Revolving Credit Agreement between Fleet Bank of Massachusetts, N.A. and The Boston Beer Company, Inc., dated March 30, 1999 (incorporated by reference to the Company's Form 10-Q, filed on May 10, 1999)
+10.36	Agreement between Boston Beer Company Limited Partnership and Landstar Logistics and Transportation, dated January 9, 1999 (incorporated by reference to the Company's Form 10-Q, filed on May 10, 1999)
+10.37	Consent to Assignment of the Amended and Restated Agreement between Boston Brewing Company, Inc. and the Genesee Brewing Company, Inc. dated April 30, 1997 to Monroe Brewing Co., LLC (now known as High Falls Brewing Company, LLC) dated December 15, 2000 (incorporated by reference to the Company's 10-K, filed on March 30, 2001)
+10.38	Guaranty of The Genesee Brewing Company, Inc. dated December 15, 2000 in favor of Boston Brewing Company, Inc., for itself and as the sole general partner of Boston Beer Company Limited Partnership in connection with the Consent of Assignment of the Amended and Restated Agreement between Boston Brewing Company, Inc. and the Genesee Brewing Company, Inc. dated April 30, 1997 to Monroe Brewing Co., LLC (now known as High Falls Brewing Company, LLC) dated December 15, 2000 (incorporated by reference to the Company's 10-K, filed on March 30, 2001)
*+10.39	Second Amended and Restated Agreement between Boston Beer Corporation and High Falls Brewing Company, LLC effective as of April 15, 2002.
*+10.40	Guaranty Release Agreement by and between GBC Liquidating Corp., formerly known as The Genesee Brewing Company, Inc., and Boston Beer Corporation, d/b/a The Boston Beer Company dated April 22, 2002.
*10.41	Second Amended and Restated Credit Agreement between The Boston Beer Company, Inc. and Boston Beer Corporation, as Borrowers, and Fleet National Bank, effective as of July 1, 2002.
*11.1	The information required by exhibit 11 has been included in Note D of the notes to the consolidated

[Table of Contents](#)

<u>Exhibit No.</u>	<u>Title</u>
21.1	List of subsidiaries of The Boston Beer Company, Inc. (incorporated by reference to the Company's Form 10-K, filed on March 28, 1997)
21.2	List of subsidiaries of The Boston Beer Company, Inc. effective as of December 30, 2000 (incorporated by reference to the Company's Form 10-K, filed on March 30, 2001)
21.3	List of subsidiaries of The Boston Beer Company, Inc. effective as of March 30, 2002 (incorporated by reference to the Company's Form 10-Q, filed on May 14, 2002)
*99.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*99.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* 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.

(b) Reports on Form 8-K.

The Company filed a Form 8-K on May 1, 2002 and an amendment on May 10, 2002 with the Securities and Exchange Commission. The filing was regarding a change in the Company's independent accountants effective May 1, 2002.

The Company filed a Form 8-K on June 18, 2002 with the Securities and Exchange Commission. The filing was regarding stock sales plans in compliance with Rule 10b5-1 of the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

THE BOSTON BEER COMPANY, INC.
(Registrant)

Date: August 13, 2002

By: /s/ Martin F. Roper

Martin F. Roper
President and Chief Executive Officer
(principal executive officer)

Date: August 13, 2002

By: /s/ Richard P. Lindsay

Richard P. Lindsay
Chief Financial Officer and
Treasurer (principal accounting
and financial officer)

SECOND AMENDED AND RESTATED
AGREEMENT BETWEEN
BOSTON BEER CORPORATION
AND
HIGH FALLS BREWING COMPANY, LLC

THIS AGREEMENT ("Agreement"), effective as of the 15th day of April, 2002 (the "Effective Date"), by and between BOSTON BEER CORPORATION, a Massachusetts corporation with its principal place of business at 75 Arlington Street, Boston, MA 02116 ("Boston Beer"), and HIGH FALLS BREWING COMPANY, LLC, a New York limited liability company with its principal place of business at 445 St. Paul Street, Rochester, NY 14605 ("High Falls"), shall modify, amend and restate the Amended and Restated Agreement entered into on the 30th day April, 1997, by and between BOSTON BREWING COMPANY, INC., d/b/a THE BOSTON BEER COMPANY, a Massachusetts corporation ("Boston Brewing"), for itself and as the sole general partner of Boston Beer Company Limited Partnership, a Massachusetts limited partnership ("BBCLP"), and THE GENESEE BREWING COMPANY, INC., a New York corporation ("Genesee").

WHEREAS, as of July 25, 1995, Boston Brewing, for itself and as the sole general partner of BBCLP, and Genesee entered into a production agreement under which Genesee agreed to brew, package and sell Products for Boston Brewing and BBCLP, which agreement was amended and restated by instrument dated April 30, 1997 (the "Prior Agreement");

WHEREAS, as of December 15, 2000, Genesee assigned the Prior Agreement to High Falls;

WHEREAS, on December 31, 2000, BBCLP transferred all of its assets and liabilities to Boston Beer and consequently Boston Beer assumed the rights and obligations of BBCLP and Boston Brewing under the Prior Agreement; and

[*] Indicates that information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Boston Beer Agreement
Page 2

WHEREAS, Boston Beer and High Falls (sometimes hereinafter referred to as the "Parties" or either of them as a "Party") wish to further amend the terms and conditions of the Prior Agreement as set forth below.

ACCORDINGLY, for and in consideration of the mutual agreements contained herein, the Parties, intending to be legally bound, hereby agree as follows:

1. SCOPE OF AGREEMENT

(a) During the term of this Agreement as set forth in Paragraph 4 hereof and in accordance with the terms set forth herein, High Falls agrees to brew, package and sell the Products to Boston Beer and Boston Beer agrees to purchase the Products from High Falls. High Falls and Boston Beer acknowledge that they both wish to develop a mutually beneficial, long-term relationship under this Agreement. The Parties agree to act in good faith and to use their best efforts to resolve differences

arising during the course of their relationship in a mutually agreeable manner. The Parties acknowledge that future needs may require one or both of the Parties to make capital investments in High Falls' plant and equipment and that in the event any such investment is contemplated by Boston Beer, the Parties will negotiate in good faith and use their best efforts to agree upon any amendments to this Agreement that may be required to facilitate the long-term relationship contemplated by the Parties.

(b) CORE PRODUCT. For purposes of this Agreement, "Core Product" shall mean: (i) *, in each case packaged in cases of 4/6, 2/12 packs in a tray, or 24 loose twelve ounce bottles and 12 twenty-two ounce bottles, in half barrel or quarter barrel kegs, and any other package types or configurations that the parties mutually agree to use for packaging such products, or (ii) any other Boston Beer * product(s) that the parties mutually agree in writing shall replace one or more of such products as the Core Product.

(c) OTHER PRODUCTS. High Falls acknowledges that Boston Beer has requested that High Falls evaluate the feasibility of producing other Boston Beer products, recognizing limitations that may exist due to storage of multiple ingredients and yeast varieties, the

[*] Indicates that information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Boston Beer Agreement
Page 3

availability and capacity of brewing vessels and storage tanks and the like. It is the intention of the Parties that High Falls shall brew, package and sell to Boston Beer other Boston Beer products upon terms mutually agreed to in writing by High Falls and Boston Beer. For purposes of this Agreement, "Other Products" shall mean any Boston Beer brand or brands other than the Core Product, whether currently offered or developed in the future, which the parties mutually agree to add to this Agreement during any calendar year in accordance with the following procedure: By November 1st in each calendar year, Boston Beer shall provide High Falls with an annual forecast for the following calendar year, showing Boston Beer's monthly projections by package for the Core Product and any Other Products. At least *% of the projected volume in each calendar year shall be the Core Product. In the event that the annual forecast includes any proposed Other Products, Boston Beer will furnish High Falls with the brewing formula and procedures and product specifications for the proposed Other Products. High Falls shall: (i) review the specifications and brewing formula for any proposed Other Products; (ii) propose a Fixed Cost for each of the proposed Other Products; and (iii) propose to Boston Beer the minimum order size, tank usage and other production and capacity parameters. Boston Beer may accept or reject High Falls' proposal with respect to each of the proposed Other Products. If Boston Beer accepts the High Falls proposal for a proposed Other Product, such Other Product shall be deemed to be added to this Agreement only for the calendar year covered by the annual forecast. If in any annual forecast, Boston Beer proposes an Other Product that was produced by High Falls in a prior year, and: (x) the specifications, brewing formula and procedures, Brewing Ingredients, Packaging Materials and the timing and volume of production for such Other Product have not changed, and (y) the capacity utilization required for High Falls' own products and, from and after * (if applicable), other contract products, are substantially the same; then High Falls shall not unreasonably refuse to produce such Other Product and the Fixed Charge proposed by High Falls for such Other Product shall be the Fixed Charge paid by Boston Beer for such Other Product in the most recent prior year,

increased by the annual adjustment factor for the Core Product set forth in Subparagraph 2(b) hereof.

(d) The Fixed Charge proposed by High Falls for any Other Products, and for the Core Product in any package size or type other than those identified in Subparagraph

[*] Indicates that information has been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Boston Beer Agreement
Page 4

1(b) hereof, shall be based on the expected incremental cost differences, when compared with Samuel Adams Boston Lager, associated with the brewing and/or packaging formulations and processes required in the production of such Other Products or package. If High Falls determines during the trial brews or initial production of any Other Product that the brewing formula, procedures or product specifications furnished by Boston Beer are materially inaccurate, then High Falls shall notify Boston Beer in writing and High Falls may cease production of such Other Product (after completion of any production in progress) until the parties mutually agree on adjustment of the brewing formula, procedures or product specifications and/or the Fixed Charge for such Other Product.

(e) PRODUCTS. For purposes of this Agreement, the Core Product and all Other Products produced during any calendar year shall be collectively referred to as the "Products".

(f) BARREL. For purposes of this Agreement, the term "barrel" shall mean 31 U.S. gallons (3,968 ounces). The following calculation shall be used to measure barrels of the Products packaged in containers other than Kegs:

CONTAINER VOLUME IN OUNCES X CONTAINERS PER CASE UNIT X NO. OF CASE UNITS

Barrel Volume in Ounces

2. PRICE AND MANNER OF PAYMENT

(a) Except as otherwise provided in the following subparagraphs of this Paragraph 2, Boston Beer shall pay High Falls for the Products an amount (the "Unit Price") equal to: (i) a "Fixed Charge" as determined in accordance with Subparagraphs 1(c) and 1(d) hereof or as set forth in Subparagraph 2(b) hereof, plus (ii) except as otherwise provided in Subparagraph 3(a)(iv), the net cost to High Falls of all Brewing Ingredients [as defined in Paragraph 3(a)] purchased by High Falls and used in producing the Products; all federal, state and local excise taxes attributable to the Products that are paid by High Falls; and deposit charges of \$* per Keg, \$* per bottle pallet and \$* per draft pallet, or such other

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amounts as the parties mutually agree. For this purpose, "net cost to High Falls" shall include purchase discounts, but not discounts resulting from credit terms.

(b) The Fixed Charge for Samuel Adams Boston Lager packaged in bottles, shall be \$* per unit of twenty-four loose 12-ounce bottles, 4/6 12-ounce bottles, 2/12 12 ounce bottles in a tray or twelve 22-ounce bottles (in each instance, a "Case Unit;" it being the intent that the Fixed Charge for other 22 ounce package configurations produced by High Falls be prorated) plus an amount per Case Unit to be agreed upon from time to time which reflects the savings inuring to the benefit of Boston Beer (currently \$* per case) if High Falls should elect, in its sole discretion, to utilize in its production process bulk glass as opposed to set-up glass used as of the date hereof by High Falls. The Fixed Charge for Samuel Adams Boston Lager packaged in one-half barrel (15.5 U.S. gallons) or one-quarter barrel (7.75 U.S. gallons) kegs (individually referred to as a "Keg" and collectively referred to as "Kegs") shall be \$* per Keg. Commencing on January 1, * and on each January 1 thereafter during the term of this Agreement through and including January 1, *, the Fixed Charge component of the Unit Price for the Products shall be increased by *%. If the term of this Agreement has been extended by Boston Beer pursuant to Subparagraph 4(b), then, effective January 1, *, the Fixed Charge component of the Unit Price for the Products shall be increased by an amount equal to * percent (*%) of the increase in the Consumer Price Index - All Urban Consumers as published by the United States Department of Commerce - Bureau of Labor Statistics (the "CPI Increase") for the previous 12-month period. If the term of this Agreement has been extended by Boston Beer pursuant to Subparagraph 4(b), on *, the Fixed Charge for all Products shall be increased by \$* per barrel, or \$* per Case Unit (the "Fixed Charge Adjustment"). On January 1, *, the Fixed Charge component of the Unit Price for the Products shall be increased by an amount equal to (i) * percent (*%) of the CPI Increase applied to the Fixed Charge in effect on * (the "Fixed Charge Component Increase"), plus (ii) the difference between *% of the CPI Increase less *% applied to the Fixed Charge Adjustment (i.e., the \$* referred to above) (the "Fixed Charge Adjustment Increase"), except that if the calculation pursuant to this clause (ii) results in a negative number, the Fixed Charge Adjustment Increase shall be zero. For example, if the Fixed

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Charge effective January 1, * were \$* per Case Unit and the CPI Increase for calendar year * were *%, then the Fixed Charge effective January 1, * would be calculated as follows:

CALCULATION OF FIXED CHARGE COMPONENT INCREASE:

Fixed Charge at *	\$*	
times *% of CPI Increase (*%)		X .*

Fixed Charge Component Increase =		= \$*

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Boston Beer Agreement
Page 7

CALCULATION OF FIXED CHARGE ADJUSTMENT INCREASE:

Fixed Charge Adjustment (per Case Unit)	\$*
times *% of CPI Increase (*%)	
minus *% (*%--*%=*%)	X .*

Fixed Charge Adjustment Increase	= \$*

CALCULATION OF FIXED CHARGE EFFECTIVE JANUARY 1, *:

Fixed Charge at *	\$*
plus Fixed Charge Component Increase	+*
plus Fixed Charge Adjustment	+*
plus Fixed Charge Adjustment Increase	+*

Fixed Charge effective 1/1/*	= \$*

Effective January 1 of each calendar year during the remainder of the term of this Agreement, with the first adjustment to be effective January 1, *, the Fixed Charge component of the Unit Price for the Products shall be increased by an amount equal to * percent (*%) of the increase of the CPI for the previous 12-month period. High Falls must notify Boston Beer of any adjustments pursuant to this Subparagraph 2(b) no later than March 31 of each year (or, if later, the date that is 30 days after the Department of Commerce publishes the Consumer Price Index covering the relevant period), with appropriate documentation supporting any change in such Fixed Charge.

(c) Until and including *, notwithstanding Paragraph 2(b) above: (i) if volume of all bottled Products during any calendar year exceeds in the aggregate * barrels, the then current Fixed Charge components of the Unit Price on all such excess volume of bottled Products during such calendar year shall be reduced by \$* per Case Unit; and (ii) if volume of all Products packaged in the Sankey Keg during any calendar year exceeds in the aggregate * barrels, the then current Fixed Charge components of the Unit Price on all Products packaged in the Sankey Keg in excess of * barrels during such calendar year shall be reduced by \$.* per Keg. The foregoing reductions in the Fixed Charge shall apply only if the Core Product comprises at least *% of all Products purchased by Boston Beer during such calendar year, and are subject to the provisions of Subparagraph 4(e) below. If the term of this Agreement is extended by Boston Beer pursuant to Subparagraph 4(b), this Subparagraph 2(c) shall no longer apply, effective as of *.

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Boston Beer Agreement

(d) Boston Beer and High Falls (or their predecessors in interest) have undertaken improvements and modifications to * and Boston Beer contributed an agreed upon amount to the capital cost of such improvements and modifications. In consideration thereof, High Falls will pay to Boston Beer an annual fee (or ratable portion thereof) for each calendar year or portion thereof during the term of this Agreement through and including *, based on the volume of Products packaged in bottles during each calendar year under this Agreement. The obligation to pay this fee under this Agreement shall commence as of * and shall terminate * and is subject to the provisions of Subparagraph 4(e) below. The fee shall be paid within thirty (30) days after the end of each calendar year and shall be calculated as follows:

Volume of Products Produced in Bottles During Calendar Year -----	Annual Fee -----
Less than * bbls	\$*
* up to * bbls	\$*
* up to * bbls	\$*
More than * bbls	\$*

If the term of this Agreement is extended by Boston Beer pursuant to Subparagraph 4(b), this Subparagraph 2(d) shall no longer apply, effective as of *.

(e) Unit Prices are F.O.B. the carrier's trucks at High Falls' docks (i.e., the Unit Price includes the cost and risk of loading trucks at High Falls' dock) and include High Falls' labor costs, overhead, profit and other costs incurred in the brewing and packaging of the Product.

(f) On the date the Products are shipped, High Falls will invoice Boston Beer for the Fixed Charge, all federal, state and local excise taxes attributable to the Products that are paid by High Falls and the Keg and pallet deposit charges. High Falls will invoice Boston Beer for all Brewing Ingredients purchased by High Falls at High Falls' standard cost when the Products are shipped (with monthly reconciliation to reflect High Falls' actual

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cost). High Falls may periodically adjust its standard cost for Brewing Ingredients to more accurately reflect its actual costs. High Falls shall notify Boston Beer in writing of any adjustment in its standard cost at least ten (10) days prior to the date such adjustment will take effect. All invoices will be sent to Boston Beer by telecopier and Boston Beer will pay each Friday by electronic funds transfer all invoices that relate to shipments of the Products made by High Falls during the previous week. If High Falls should elect, in its sole discretion, to utilize electronic invoicing, Boston Beer will pay on each Wednesday all invoices that relate to shipments made during the previous week.

(g) On the later of the Effective Date or the date upon which both Parties have executed this Agreement, Boston Beer will pay to High Falls the sum of \$*. In addition, Boston Beer will pay to High Falls * percent

(*%) of the amount that Genesee or its affiliates pays to Boston Beer, directly or indirectly, in consideration of its release of the guaranty of Genesee of High Falls' obligations to Boston Beer as set forth in the Guaranty executed by Genesee on December 15, 2000 (the "Genesee Guaranty"). Boston Beer's release of the Genesee Guaranty is contingent on its receipt of High Falls' audited financial statements for 2001 and current pro-formas that reflect positive cash flow, results of operations and debt coverage at levels reasonably acceptable to Boston Beer.

3. BREWING INGREDIENTS, PACKAGING MATERIALS AND BREWING SUPPLIES

(a) For purposes of this Agreement, "Brewing Ingredients" shall be defined as all * used to produce the Products. Brewing Ingredients shall be purchased and supplied as follows:

(i) All * used in the brewing of the Products shall be purchased by Boston Beer or High Falls (at Boston Beer's cost) directly from High Falls' commercial * suppliers. High Falls and Boston Beer will use their best efforts to agree upon * specifications for * that will allow High Falls to commingle storage of * used to produce the Products with * used to produce High Falls' own products. If High Falls and Boston Beer cannot agree upon

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Boston Beer Agreement
Page 10

standard * specifications, the Fixed Charge shall be increased to reflect any additional cost incurred by High Falls for separate handling and storage of * used in the Products.

(ii) All * used in the brewing of the Products shall be purchased by High Falls from Boston Beer. Delivery of * shall be coordinated between High Falls and Boston Beer.

(iii) All * used in the brewing of the Products shall be supplied by Boston Beer at *. All * supplied by Boston Beer shall remain the property solely and exclusively of Boston Beer and shall be segregated and identified by High Falls as such. Delivery of * to High Falls shall be coordinated between High Falls and Boston Beer.

(iv) All * used in the brewing and packaging of the Products shall be purchased by High Falls directly from High Falls' commercial * suppliers. Commencing on the Effective Date, Boston Beer shall pay * percent (*%) of the cost of all * used in the brewing and packaging of the Products, and High Falls shall pay the other * percent (*%).

(b) For purposes of this Agreement, "Packaging Materials" shall be defined as all bottles, crowns, labels, cases, cartons, Kegs, tap covers, pallets and dust covers and the like used in the packaging and shipment of the Products. Packaging Materials shall be purchased and supplied as follows:

(i) Bottles, crowns, labels, cases, cartons, tap covers and the like shall be purchased by Boston Beer and supplied to High Falls as needed to meet the Packaging Schedule for the Products.

(ii) Unless otherwise mutually agreed, Kegs and pallets in quantities adequate for the volume of the Products to be packaged under this Agreement shall be purchased by Boston Beer and supplied to High Falls from time to time. All such Kegs and pallets shall be returned and reused in accordance

with High Falls' standard policies for Keg and pallet return and reuse. From time to time during the term of this Agreement, Boston Beer shall purchase and supply to High Falls additional Kegs and pallets in numbers adequate to replace Kegs and pallets lost or otherwise rendered unusable. All Kegs and pallets shall conform to the specifications of

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Boston Beer Agreement
Page 11

Kegs and pallets used by High Falls in packaging and shipping its own products. High Falls may reject any Kegs or pallets that are damaged, are unacceptably dirty or do not otherwise conform to High Falls' specifications. All rejected Kegs shall be held by High Falls for periodic removal by Boston Beer. All rejected pallets shall be disposed of by High Falls at no charge to Boston Beer. Upon each delivery to High Falls of Kegs and pallets purchased by Boston Beer, High Falls shall issue to Boston Beer a credit of \$* per Keg, \$* per bottle pallet and \$* per draft pallet. High Falls shall maintain records of all Kegs and pallets received from Boston Beer and provide a monthly reconciliation showing Kegs and pallets received, Kegs rejected and returned to Boston Beer, pallets disposed of by High Falls, Kegs and pallets on hand at High Falls and Kegs and pallets in the float.

(iii) * shall purchase and supply at its own cost Lock n' Pop, shrink wrap, label adhesive, hot melt glue and bungs used in packaging and shipping of the Products.

(c) Boston Beer has the right, subject to the approval of High Falls, which approval will not be unreasonably withheld, to make changes in the Packaging Materials. If the proposed new Packaging Materials can be produced without modification or addition to High Falls' existing equipment, High Falls shall produce the Products using the new Packaging Materials upon mutual agreement by High Falls and Boston Beer to any adjustment to the Fixed Charge required to compensate High Falls for any difference in production cost compared to the cost to produce the Core Product in the comparable bottle package. If the proposed new Packaging Material requires any modifications or additions to High Falls' existing equipment, then the obligations of the parties with respect to such modifications or additions shall be governed by Paragraph 9 of this Agreement.

(d) For purpose of this Agreement, "Brewing Supplies" shall be defined as zinc sulfate, gypsum, Diatomaceous Earth, and Chill-Garde. * shall purchase and supply at its own cost all Brewing Supplies used in the brewing of the Product.

(e) Boston Beer shall have sole responsibility for the selection and approval of all Brewing Ingredients, Packaging Materials and Brewing Supplies used to produce the

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Boston Beer Agreement
Page 12

Products. Boston Beer shall have sole responsibility for the content and design of all labels, tap covers, crowns, cartons, cases and other Packaging Materials.

(f) Upon the termination of this Agreement for any reason: (i) Boston Beer will purchase from High Falls (w) all Kegs and pallets furnished by Boston Beer that are on hand at High Falls at their respective credit amounts set forth in Subparagraph 3(b)(ii) above, (x) all finished Products at the Fixed Charge, (y) all inventory of work in process of the Products at High Falls' cost, and (z) all inventory of Brewing Ingredients, Packaging Materials and Brewing Supplies purchased by High Falls that are not reasonably useable by High Falls in its own products at High Falls' cost; and (ii) High Falls will make available for pick up by Boston Beer at High Falls' dock all finished Products, all Brewing Ingredients, Packaging Materials and Brewing Supplies referred to in Subparagraph 3(e) hereof, and all Kegs, pallets and dust covers on hand at High Falls that were furnished by Boston Beer. In the event sales of the Products are substantially less than forecasted by Boston Beer resulting in abnormally excess inventories of Brewing Ingredients, Packaging Materials and Brewing Supplies purchased by High Falls, Boston Beer will purchase such excess from High Falls at High Falls' cost.

4. TERM

(a) The term of this Agreement shall commence on the Effective Date and, unless sooner extended by the following provisions of this Paragraph 4 or terminated pursuant to Paragraph 10 hereof, this Agreement shall expire on *.

(b) Provided that Boston Beer is not then in default under this Agreement, Boston Beer may, in its

(c) sole discretion, extend the term of this Agreement for a period of * (*) months (i.e., until *), provided that it gives High Falls written notice thereof on or before *.

(d) If Boston Beer has extended the term of this Agreement pursuant to Subparagraph 4(b), then, provided (i) that Boston Beer is not then in default under this Agreement, and (ii) the aggregate volume of Products produced by High Falls for Boston

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Boston Beer Agreement
Page 13

Beer during calendar year * is equal to or greater than * barrels, Boston Beer may, in its sole discretion, extend the term of this Agreement for an additional * years (i.e., until *), provided that it gives High Falls written notice thereof on or before *.

(e) The Parties acknowledge that Boston Beer' s obligations pursuant to this Agreement to make payments to High Falls and the Parties' respective rights and obligations under Paragraphs 3(e), 9, 10, 11, 12, 14, 16, 17 and 26 shall survive the expiration or termination of this Agreement.

(f) If Boston Beer does not elect to extend the term of this

Agreement pursuant to Subparagraph 4(b), any adjustments based on volume for * shall use * of the volume (forecasted or actual, as the case may be) in lieu of twelve-month volume.

5. MINIMUM ORDERS

- (a) (i) Effective *, the Core Product shall comprise at least *% of all the Products produced, and the maximum quantity of the Products that High Falls shall be required to produce under this Agreement in any calendar year shall be * barrels. No * shall be required for * of the Products.
- (ii) On or before November 1 of each year, Boston Beer shall provide High Falls with a forecast for its aggregate volume requirements for the following calendar year (the "Annual Forecast"). The Annual Forecast for calendar year * is attached as Schedule 1 hereto. The Annual Forecast shall be no more than * percent (*%) greater nor more than * percent (*%) less than the actual purchases made by Boston Beer in the 12-full-month period immediately preceding such Annual Forecast. For example, if the actual purchases for the 12-month period from November * to October * were * barrels, Boston Beer's Annual Forecast for the calendar year * shall be no greater than * barrels and no less than * barrels.

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Boston Beer Agreement
Page 14

The Annual Forecast shall contain monthly projections by package for each Core Product and any Other Products, with the understanding that Boston Beer may, at any time, through the Production Plan process described in Subparagraph 5(b), substitute one or more of the Core Products for any other Core Product or permitted Other Product for the forecasted Products.

- (iii) Effective *, if Boston Beer's actual purchases during a calendar year are less than * percent (*%) of the total volume set forth in the Annual Forecast ("Annual Minimum Volume"), Boston Beer shall pay to High Falls a fee of \$* per barrel for each barrel below the Annual Minimum Volume (the "Volume Short-Fall Fee"), except that the Volume Short-Fall Fee shall not exceed \$* in calendar year *, nor, if the term of this Agreement is not extended by Boston Beer pursuant to Subparagraph 4(b), \$* for the first eight months of calendar year *. The Volume Short-Fall Fee, if any, shall be paid on or before January 31 of the following year (or on or before * for the first * months of * if the term of this Agreement is not extended by Boston Beer pursuant to Subparagraph 4(b)).
- (iv) Boston Beer may elect to pay High Falls a fee which, when added to its actual Product purchases for the applicable calendar year, will be treated as actual purchases made for the purposes of forecasting and determination of volume obligations, as follows: (a) \$* per barrel for the first * barrels, (b) \$* per barrel

for the next * barrels, and (c) \$* per barrel for each barrel thereafter, offset by the Volume Short-Fall Fee, if any, paid by Boston Beer for the same calendar year. Such payment, if elected, shall be made by Boston Beer to High Falls on or before January 31 of the following year.

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Boston Beer Agreement
Page 15

For example, if Boston Beer's Annual Forecast for * barrels were * barrels, but it only purchased * barrels, Boston Beer could (after paying the Volume Short-Fall Fee required by Subparagraph 5(a)(iii)) pay a fee, calculated as set forth below, for up to * barrels (*% increase over * forecasted barrels, or * barrels, less actual purchases of *):

	\$*/bbl for first * bbls	= \$	*
+	\$*/bbl for next * bbls	= \$	*
+	\$*/bbl for next * bbls	= \$	*

		=	\$*

	less \$*/bbl Volume Short-Fall Fee of		
	* barrels (amount below *% of		
	* forecasted barrels)	= \$	(*)

	TOTAL FEE paid by Boston Beer to		
	obtain maximum barrelage for *		
	of *	=	\$ *

(b) On a weekly basis, Boston Beer shall provide High Falls with a twelve (12) week Production Plan for the Products (the "Production Plan"). The Production Plan shall be a rolling twelve-week schedule setting forth brewing and packaging requirements for the Products for each week during the twelve weeks covered by the Production Plan. All brewing requirements for the Products during the first six weeks of the Production Plan shall constitute firm orders by Boston Beer. All brewing requirements for the Products during the second six weeks of the Production Plan and all packaging requirements set forth in the Production Plan shall be a forecast of Boston Beer's best estimate of brewing and packaging requirements for the Products and shall be used by High Falls for capacity planning purposes. Boston Beer shall update the Production Plan each week by providing its best estimate of brewing and packaging requirements for the twelfth week and by revising the schedule for brewing and packaging requirements in the sixth through eleventh weeks of the Production Plan. The brew size that Boston Beer shall utilize in the Production Plan shall be High Falls' maximum brew based on High Falls' current brewing vessels, currently estimated to yield approximately * * (*) barrels of the Core Product (a "Brew"). The minimum brewing requirement that Boston Beer may specify

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during any week shall be * (*) Brews. The maximum brewing requirement that Boston Beer may specify shall not exceed * barrels in any consecutive * (*) week period. High Falls shall have the right, in its sole discretion, to set the actual time and date on which each Brew shall be brewed, provided that High Falls shall use its best efforts to (i) minimize the length of time that the Products remain in storage prior to packaging, and (ii) meet the shipment dates specified on the Packaging Schedule.

(c) Boston Beer shall place all orders for packaging and shipment of the Product by the eighth business day of each month (the "Packaging Schedule"). The Packaging Schedule shall set forth the quantity of the Products by package type and the week in which each order shall be shipped in the following month. Packaging shall be scheduled in increments of * cases for 22 oz. bottles; * cases for 12 oz. bottles in new glass; and * cases for 12 oz. bottles in refillable glass. The minimum order for packaging the Products, in Kegs shall be * (*) Kegs.

6. RISK OF LOSS

Boston Beer shall have sole responsibility for selecting carriers and making all arrangements for shipment of the Products to its customers. Boston Beer shall pay for all costs associated with shipment of the Products from High Falls's facility. High Falls and Boston Beer acknowledge and agree that, consistent with the F.O.B. pricing terms, the risk of loss in loading the carrier's trucks shall be borne by High Falls. However, the carrier's driver shall have the right to inspect each shipment for damage prior to leaving the loading dock and, accordingly, Boston Beer shall bear the risk of loss on any shipment of Products, once the carrier's truck leaves the loading dock.

7. BREWERY OF RECORD

(a) High Falls shall provide all Products brewed hereunder under the name of "The Boston Beer Company," as the Brewery of Record. High Falls shall secure and maintain any permits, licenses, approvals and the like required by any federal, state or local governmental agency on behalf of Boston Beer. * out-of-pocket costs, including, without limitation, legal expenses, incurred in connection therewith.

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(b) High Falls and Boston Beer shall maintain an alternating proprietorship whereby the Products are produced at High Falls's facility under a Brewer's Notice for such premises issued to Boston Beer. High Falls shall maintain separate records for the Products produced under the Boston Beer alternating proprietorship and shall file monthly reports and federal excise tax returns in a timely manner on behalf of the Boston Beer alternating proprietorship. High Falls shall, to the extent reasonably possible, but subject to and in compliance with all applicable federal, state or local laws, rules and regulations, identify Boston, Massachusetts, as the sole label source for the Product. * out-of-pocket costs, including, without limitation legal expenses, incurred in connection with maintaining the Boston Beer alternating proprietorship.

8. FORCE MAJEURE

(a) High Falls shall not be liable to Boston Beer in the event that High Falls shall delay in or fail to deliver Products to Boston Beer hereunder for any reason or cause beyond its control, including but not limited to a slowdown, stoppage or reduction of High Falls's production or delivery due to strikes, fire, flood, labor stoppage or slowdown, inability to obtain materials or packages, shortage of energy, acts of God, a limitation or restriction of its production by action of any military or governmental authority, or any other such causes.

(b) In the event of any such slowdown, stoppage or reduction of High Falls's production or deliveries, High Falls will allocate its remaining capacity pro rata between High Falls's own products, the Products, and, from and after *, the other contract products produced by High Falls, provided that Boston Beer shall use reasonable efforts to move production of the Products to its other suppliers for the duration of any such slowdown, stoppage or reduction so as to minimize the amount of the Products that High Falls is required to produce for Boston Beer during such slowdown, stoppage or reduction. Such pro rata allocation of High Falls's remaining production capacity shall be based on the proportionate volume of High Falls's own products, the Products, and other contract products produced by High Falls during the * (*) month period immediately preceding the

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Boston Beer Agreement

Page 18

month in which occurred the event which gave rise to the slowdown, stoppage or reduction of High Falls's production or delivery. In allocating the proportionate share of its remaining capacity to be devoted to the Products, High Falls shall use its best efforts to accommodate the mix of Core Products and Other Products specified by Boston Beer.

9. CHANGE PARTS AND BREWERY MODIFICATIONS

The Parties anticipate that production of Other Products or the use of new Packaging Materials may require changes or modifications to High Falls's brewing equipment and facilities, or the installation of new equipment by High Falls to accommodate Other Products or new Packaging Materials. Subject to the obligations of Boston Beer and High Falls under Subparagraph 1(a) of this Agreement, High Falls shall have no obligation to make any modifications to its equipment or facilities to accommodate the production of the Products unless agreed to by High Falls in writing. If the change parts, modifications or new equipment required to produce any Other Products or use any new Packaging Materials would, in High Falls's reasonable judgment, have a material adverse impact on High Falls's operations, including without limitation, space availability, plant capacity, or cost of production, then High Falls shall not be required to produce any such Other Products or use any such new Packaging Materials. If High Falls determines that the required changes, modifications or new equipment would not have a material adverse impact, then the allocation of cost, ownership and the other terms and conditions relating to such change parts, modifications or new equipment shall be determined as provided herein:

(a) Boston Beer will pay for all change parts, brewery, modifications or new equipment that are unique to producing the Products at High Falls's facility, provided that High Falls notifies Boston Beer in advance of making any such expenditures. Boston Beer shall own all change parts and brewery modifications paid for by Boston Beer and High Falls

shall allow Boston Beer to remove all such change parts and brewery modifications at the termination or expiration of this Agreement, provided that Boston Beer shall restore, or reimburse High Falls for its cost to restore, High Falls's equipment or facilities to their

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Boston Beer Agreement
Page 19

condition prior to the installation of such change parts or modifications, ordinary wear and tear excluded.

(b) The cost and ownership of any change parts, brewery modifications or new equipment that can also be used by High Falls to produce its own products shall be allocated between High Falls and Boston Beer by prior written agreement based on the following: (i) if High Falls determines that the change parts, modifications or new equipment would have been purchased by High Falls even without the need to accommodate the Products or new Packaging Materials, then High Falls shall pay the entire cost of such change parts, modifications or new equipment and High Falls shall have exclusive ownership thereof; (ii) if High Falls determines that it would benefit from the change parts, modifications or new equipment but High Falls would not have purchased them if not for the need to accommodate the Products or new Packaging Materials, then the cost and ownership of such change parts, modifications or new equipment shall be allocated between the Parties as the Parties mutually agree based on the relative benefit that each party will derive from such change parts, modifications or new equipment.

(c) With respect to any change parts, modifications or new equipment paid for in part by Boston Beer under Subparagraph 9(b)(ii) hereof, including the improvements and modifications to * referred to in Subparagraph 2(d) hereof, the amount paid by Boston Beer shall be amortized based on a mutually agreeable amortization schedule. The amortization schedule for the improvements and modifications to * is attached as Schedule 2 hereto.

(i) If Boston Beer elects to extend the term of this Agreement pursuant to Subparagraph 4(b) hereof, then, if High Falls is not in default under this Agreement on *, any change parts, modifications or new equipment paid for in part by Boston Beer under Subparagraph 9(b)(ii) hereof prior to * will no longer be subject to repayment by High Falls under any circumstances, all right, title and ownership thereof will automatically transfer to High Falls as of *, and Boston Beer will have no further interest therein.

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Boston Beer Agreement
Page 20

(ii) Subject to Subparagraph 9(c)(i) hereof, upon expiration of the amortization schedule with respect to each change part, modification or new

piece of equipment paid for in part by Boston Beer, all right, title and ownership thereof shall automatically transfer to High Falls and Boston Beer shall have no further interest therein.

(iii) Upon: (A) the expiration of this Agreement; or (B) the termination of this Agreement by Boston Beer under Subparagraphs 10(c) or 10(d) hereof, High Falls shall reimburse Boston Beer for the unamortized balance of the cost of any change parts, modifications or new equipment paid for in part by Boston Beer under Subparagraph 9(b)(ii), provided that the amortization shall continue during any applicable Notice Period and the unamortized balance shall be calculated as of and paid on the effective date of any such termination. If Boston Beer does not extend the term of this Agreement, High Falls' reimbursement obligations shall include any equipment for which High Falls had a reimbursement obligations pursuant to Subparagraph 9(b)(ii) (including the *) under the Prior Agreement. If Boston Beer extends the term of this Agreement, then, effective *, High Falls' reimbursement obligations shall specifically exclude any change parts, modifications or new equipment paid for in whole or in part by Boston Beer prior to * (including the *). Upon payment by High Falls of the unamortized balance, all right, title and ownership of such change parts, modifications or new equipment shall automatically transfer to High Falls and Boston Beer shall have no further interest therein. Notwithstanding the foregoing, High Falls shall have no obligation to reimburse Boston Beer for the unamortized balance of the cost of change parts, modifications or new equipment if, during the twelve (12) calendar months immediately preceding the effective date of termination: (X) Boston Beer purchased less than * barrels of the Products; or (Y) Boston Beer failed to purchase at least * percent (*%) of the volume of the Products that was purchased by Boston Beer during the twelve (12) calendar months immediately preceding said twelve (12) calendar month period; and in either such event, all right, title and ownership of such change parts, modifications or new equipment shall automatically transfer to High Falls on the effective date of such termination and Boston Beer shall have no further interest therein.

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Boston Beer Agreement
Page 21

(iv) If this Agreement is terminated for any other reason, then High Falls shall have no obligation to reimburse Boston Beer for the unamortized balance of the cost of any change parts, modifications or new equipment paid for in part by Boston Beer under Subparagraph 9(b)(ii) hereof, and all right, title and ownership of such change parts, modifications or new equipment shall automatically transfer to High Falls on the effective date of such termination and Boston Beer shall have no further interest therein.

(d) The parties agree to execute appropriate UCC financing statements to reflect their respective interests in any change parts, brewery modifications or new equipment paid for, in whole or in part, by Boston Beer. Boston Beer shall execute and deliver to High Falls UCC termination statements, bills of sale and any other documentation reasonably requested by High Falls upon the transfer of ownership to High Falls of any change parts, modification, or new equipment pursuant to Subparagraph 9(c) hereof.

10. TERMINATION

(a) If Boston Beer has extended the term of this Agreement pursuant to Subparagraph 4(b) or 4(c) hereof, then Boston Beer may terminate this Agreement effective no less than * (*) months after written notice to High Falls.

(b) If Boston Beer has extended the term of this Agreement pursuant to Subparagraph 4(b) or 4(c) hereof, High Falls may terminate this Agreement, effective no less than * (*) months after written notice to Boston Beer, if Boston Beer has failed to purchase or to have been deemed to have purchased pursuant to Subparagraph 5(a)(iv) hereof at least * barrels of Product in any period of twelve consecutive months.

(c) In addition to exercising its rights under Paragraph 21 hereof, either Party may also terminate this Agreement effective immediately upon written notice to the other Party in the event that the other Party is in default of any of its obligations under this Agreement, which default continues for a period of * (*) calendar days following receipt of written notice of such default.

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Boston Beer Agreement
Page 22

(d) Either Party may terminate this Agreement effective immediately upon written notice to the other Party in the event that: (i) the other Party makes an assignment for the benefit of creditors or files a voluntary bankruptcy, insolvency, reorganization or similar petition seeking protection from creditors; (ii) the other Party fails to vacate any involuntary bankruptcy, insolvency or reorganization petition filed against such Party within sixty (60) days after the filing of such petition; or (iii) the other Party liquidates, dissolves or ceases to do business as a going concern.

(e) Between the date of receipt of a notice of termination pursuant to this Paragraph 10 and the effective date of such termination (such period, the "Notice Period"), the volume of Products purchased by Boston Beer for the * month period following notice of termination or any successive * month period (or such lesser period as may be remaining) prior to the effective date of termination shall be not less than *% of the volume purchased in the immediately preceding * month period. If Boston Beer fails or is unable or unwilling, for any reason, to purchase the required volume of the Products during the Notice Period, then Boston Beer shall pay a termination fee of \$* per barrel for each barrel under the amount required to be purchased during the Notice Period. The termination fee, if any, shall be paid each January 1, April 1, July 1 and October 1 during the Notice Period. The quarterly payment shall be calculated by multiplying the \$* per barrel termination fee by the difference between (x) the number of barrels of the Products that Boston Beer would have to purchase during the three calendar months preceding each payment date if the volume of the Products that Boston Beer must purchase during the entire Notice Period was spread evenly over the entire Notice Period (the "Quarterly Volume"), and (y) the actual number of barrels of the Products purchased by Boston Beer during the three calendar months preceding each payment date, provided that if the amount of the Products purchased by Boston Beer in any calendar quarter exceeds the Quarterly Volume, then such excess shall be carried forward and applied to reduce any termination fee that would otherwise be payable in any subsequent calendar quarter.

(f) Upon termination pursuant to this Paragraph 10, Boston Beer shall promptly pay to High Falls all unpaid invoices in full and all unpaid costs incurred by High

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Boston Beer Agreement
Page 23

Falls pursuant to this Agreement in the brewing, packaging, shipping and storage for the Product. High Falls will use all reasonable efforts to minimize such costs upon termination and Boston Beer will have the right to review documentation evidencing such costs.

11. AGENCY AND INDEMNIFICATION

High Falls and Boston Beer understand and agree that neither Party is, by virtue of this Agreement or anything contained herein, including High Falls affixing to any Product and/or registering the name of "The Boston Beer Company" or "Boston Beer Company," constituted or appointed the agent of the other Party for any purpose whatsoever, nor shall anything herein contained be deemed or construed as granting Boston Beer or High Falls any right or authority to assume or to create any obligation or responsibility, express or implied, for or on behalf of or in the name of the other, or to bind the other in any manner or way whatsoever. Boston Beer shall indemnify and hold harmless High Falls from and against any and all claims, expenses, causes of action or liabilities of any nature whatsoever (collectively, "Damages"), to the extent that Damages arise solely from the independent conduct of Boston Beer; provided that Damages shall not include any loss, liability, cost or expense incurred by High Falls as a consequence of the exercise by Boston Beer of any of its rights under this Agreement.

12. PRODUCT LIABILITY

(a) High Falls and Boston Beer shall each maintain product liability insurance coverage in the respective amount of not less than \$* per occurrence and \$* combined single limit, and in the amount of not less than \$* combined single limit in the aggregate relating to the Products produced by High Falls for Boston Beer hereunder.

(b) High Falls shall indemnify and hold harmless Boston Beer and all of its affiliates from and against any and all loss, liability, cost or expense of any nature whatsoever, including reasonable attorney's fees (collectively, "Product Liability Damages"), arising out of or associated with the manufacture and/or packaging of the Products by High Falls, regardless of when manufactured or packaged, and whether under this Agreement or otherwise, except to the extent that (i) Product Liability Damages were

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Boston Beer Agreement
Page 24

caused solely by improper storage, handling or alteration of the Products after delivery to Boston Beer, (ii) Product Liability Damages are based on or result from a claim that the Products are inherently defective, or (iii) Product Liability Damages were caused by Brewing Ingredients, Packaging Materials (other than bottles) or Brewing Supplies specified or otherwise approved by Boston Beer.

(c) Boston Beer shall indemnify and hold harmless High Falls and all of its affiliates from and against any and all Product Liability Damages to the extent arising out of the causes excepted from High Falls's duty to indemnify Boston Beer under clauses (i), (ii) and (iii) of subparagraph (b) of this Paragraph 12.

(d) Notwithstanding the provisions of subparagraphs (b) and (c) of Paragraph 12, in no event shall either Party be liable to indemnify the other Party for consequential damages suffered by the other Party in an amount greater than the lesser of (i) \$* or (ii) \$* plus * (*) times the aggregate Fixed Charge paid by Boston Beer for all Products during the * (*) months preceding the month in which occurred the event giving rise to the claim for indemnification.

13. RECIPE AND QUALITY

(a) High Falls shall produce the Products using the ingredients and brewing formula and procedures specified in the Brewing Package provided by Boston Beer Company to High Falls on June 8, 1995, as updated from time to time. High Falls shall produce any new Core Product or any Other Products using the brewing formula and procedures specified in the Brewing Package provided by Boston Beer to High Falls for such Core Product or Other Products. Boston Beer shall have the right to change ingredients and/or brewing formula and procedures upon reasonable prior written notice, provided that the cost of any such change shall be borne by Boston Beer and, provided further, that the specified ingredients are readily available in the necessary timeframe.

(b) High Falls shall use its best efforts to meet the specifications for the Core Product attached hereto as Exhibit A, as amended from time to time. High Falls shall use its

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Boston Beer Agreement
Page 25

best efforts to meet the specifications for any new Core Product or any Other Products which are furnished in writing by Boston Beer at the time the parties agree to add a new Core Product or Other Products to this Agreement. Boston Beer has the right to reject batches of the Products which it determines to taste materially different from representative sample of the Products, such rejection not to be arbitrary or unreasonable. Any rejected batches *.

(c) The Products shall be brewed and packaged according to Boston Beer's specifications, including the maintenance of standards and quality control programs furnished to High Falls in writing by Boston Beer. Boston Beer shall have ultimate responsibility and authority over every detail of the production process for the Products, with such responsibility and authority as to those parameters affecting beer taste and quality to be the same as if Boston Beer were the owner of High Falls's brewing facility. Boston Beer shall have the right, at any time, to monitor and review the practices and procedures of High Falls in the production and packaging of the Products and inspect High Falls's brewing facility. If a decision made by Boston Beer in the exercise of its authority under this Subparagraph 13(c) results in *, High Falls shall be entitled to *. In addition, in the exercise of its authority under this Subparagraph 13(c), Boston Beer shall not interfere with High Falls's production process for its own proprietary brands or other contract products.

(d) Consistent with the provisions of Subparagraph 13(c), High Falls

and Boston Beer will, in any and all public statements or comments, recognize that Boston Beer controls the ingredients, recipe, brewing processes and procedures and quality parameters for all Products produced for Boston Beer by High Falls, and that Boston Beer is the brewer of all such Products. Neither Party will make any public statements inconsistent with the foregoing.

14. TRADEMARKS

(a) High Falls acknowledges that no trademark or trade name rights in SAMUEL ADAMS, SAM ADAMS, "The Boston Beer Company" and any other

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Boston Beer Agreement
Page 26

trademarks, trade names, domain names, service marks, logos or other intellectual property of Boston Beer (collectively, the "Trademarks") are granted by this Agreement.

(b) Boston Beer hereby represents, warrants and covenants to High Falls that it has and will maintain its right to use the Trademarks and will indemnify and hold harmless High Falls from any alleged infringement by any Party against High Falls including, but not limited to, High Falls's reasonable costs of legal expenses.

15. TEST BREWING

Notwithstanding anything to the contrary in this Agreement, Boston Beer may, at any time after notice to High Falls engage any other brewer for the purpose of conducting test production and distribution of the Products in order to ensure the delivery of the Product following termination of this Agreement.

16. COMPETING PRODUCTS

(a) High Falls will not at anytime use the brewing formula for the Products which Boston Beer has supplied to High Falls or any yeast supplied to High Falls by Boston Beer to produce a malt beverage product for itself (or any of its affiliates) or on behalf of any unaffiliated person.

(b) Boston Beer acknowledges that High Falls is currently in the business of brewing craft and specialty malt beverage products, both for itself and on behalf of other unaffiliated persons, that are similar to and compete with the Products, and Boston Beer agrees that nothing in this Agreement shall prevent High Falls from continuing or expanding its craft and specialty business or its contract brewing business, provided that High Falls shall not intentionally copy the brewing formula for the Products or use any yeast supplied to High Falls by Boston Beer to produce craft and specialty products for itself, any of its affiliates, or for any third parties. Further, High Falls shall use its best efforts to ensure that any production, whether for itself, its affiliates, or other unaffiliated persons, shall not diminish in any material respect the quality or frequency of the brewing, packaging,

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treatment.

Boston Beer Agreement
Page 27

shipping or other levels of service provided by High Falls to Boston Beer prior to the Effective Date.

17. RIGHTS OF OFFSET

The parties acknowledge and agree that, to the extent a Party is at any time owed money by the other Party, such Party may set off such amount against any monies owed by such Party from time to time to such other Party, said set-off to be accomplished by written notice to such other Party effective upon being sent.

18. NOTICES

All notices required herein shall be given by registered airmail, return receipt requested, or by overnight courier service, in both cases with a copy also sent by telecopier, to the following addresses (unless change thereof has previously been given to the Party giving the notice) and shall be deemed effective when received:

If to Boston Beer:	Jeffrey D. White, COO, and Martin F. Roper, President and CEO Boston Beer Corporation 75 Arlington Street Boston, MA 02116 Telecopier: (617) 368-5553
with a copy to:	Frederick H. Grein, Jr., Esq. Hutchins, Wheeler & Dittmar 101 Federal Street Boston, Massachusetts 02110 Telecopier: (617) 951-1295
If to High Falls:	Samuel T. Hubbard, Jr., President and CEO High Falls Brewing Company, LLC 445 St. Paul Street Rochester, NY 14605 Telecopier: (585) 235-1964
with a copy to:	Paul J. Yesawich, III, Esq. Harris Beach LLP 99 Garnsey Road

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Boston Beer Agreement
Page 28

Pittsford, New York 14534
Telecopier: (585) 419-8801

19. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties, but shall not be assigned by any Party,

whether by merger, consolidation, reorganization, operation of law or otherwise, without the prior written consent of the other Party, which consent will not be unreasonably withheld. Notwithstanding the foregoing, Boston Beer may assign this Agreement without the consent of High Falls to its successor corporation or other successor entity in the event of any reorganization, public offering or change in the form of entity of Boston Beer, provided that *. No failure of a Party to consent to a proposed assignment of this Agreement by the other Party shall be deemed unreasonable if such Party believes in good faith that the proposed assignee is not capable of performing the financial or production obligations of the Party proposing to assign this Agreement. Permitted assignment of this Agreement shall relieve the assigning Party of its financial obligations hereunder, including its indemnification obligations hereunder.

20. GOVERNING LAW

This Agreement shall be interpreted and construed in accordance with the laws of the State of New York.

21. DISPUTE RESOLUTION

Any disputes arising out of, or relating to the terms of, this Agreement shall be resolved by arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Any arbitration shall take place in New York City, New York and shall be the Parties' sole and exclusive remedy and forum for the resolution of any such disputes.

22. EXECUTION IN COUNTERPARTS

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Boston Beer Agreement
Page 29

This Agreement may be executed in one or more counterparts each of which shall be deemed to be an original but all of which together shall constitute one and the same document.

23. AMENDMENTS

No amendment, change or modification of any of the terms, provisions or conditions of this Agreement shall be effective unless made in writing and signed or initialed on behalf of the Parties hereto by their duly authorized representatives.

24. NO THIRD PARTY BENEFICIARIES

High Falls and Boston Beer agree that this Agreement is solely for their benefit and it does not nor is it intended to create any rights in favor of, or obligations owing to, any person not a Party to this Agreement.

25. MERGER; SEPARABILITY

This Agreement terminates and supersedes all prior formal or informal understandings between the Parties with respect to the subject matter contained herein. Should any provision or provisions of this Agreement be deemed ineffective or void for any reason whatsoever, such provision or provisions shall be deemed separable and shall not effect the validity of any other provision.

26. LIMITATION PERIOD ON CLAIMS

All claims hereunder must be brought no later than * after such claims arose or the Party having such claim shall be deemed to have waived and forever released it; provided that for this purpose, a claim will be deemed to have arisen at the time the Party asserting the claim first became aware of it.

IN WITNESS WHEREOF, the parties hereto enter into this Second Amended and Restated Agreement this ___ day of April, 2002.

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Boston Beer Agreement
Page 30

Witness: BOSTON BEER CORPORATION

By: _____
Martin F. Roper, President and
Chief Executive Officer

Witness: HIGH FALLS BREWING COMPANY, LLC.

By: _____
Samuel T. Hubbard, Jr., Chairman and
Chief Executive Officer

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GUARANTY RELEASE AGREEMENT

THIS AGREEMENT (this "Agreement") is made this 22nd day of April, 2002 by and between GBC Liquidating Corp., formerly known as The Genesee Brewing Company, Inc., a New York corporation ("Genesee"), and Boston Beer Corporation, d/b/a/ The Boston Beer Company, a Massachusetts corporation, ("Boston Beer").

RECITALS:

WHEREAS, Genesee and Boston Brewing Company, Inc., a Massachusetts corporation, for itself and as the sole general partner of Boston Beer Company Limited Partnership, a Massachusetts limited partnership (collectively, "BBCLP"), were parties to an Amended and Restated Agreement dated as of April 30, 1997 (the "Production Agreement"), under which Genesee agreed to supply BBCLP, and BBCLP agreed to purchase from Genesee, certain malt beverage products;

WHEREAS, Genesee assigned the Production Agreement to High Falls Brewing Company, LLC, formerly known as Monroe Brewing Co., LLC ("High Falls") pursuant to an Assignment and Assumption Agreement by and between Genesee and High Falls dated December 15, 2000 (the "Assignment Agreement"); and

WHEREAS, as a condition of its consent to assignment of the Production Agreement to High Falls pursuant to the Assignment Agreement, BBCLP required Genesee to guarantee High Falls' performance of the Production Agreement pursuant to the terms of a Guaranty by Genesee in favor of BBCLP dated December 15, 2000, a copy of which is attached hereto as Exhibit A (the "Guaranty"); and

WHEREAS, on December 31, 2000, BBCLP transferred all of its assets and liabilities to Boston Beer and consequently Boston Beer assumed the rights and obligations of BBCLP under the Production Agreement; and

WHEREAS, Boston Beer is willing to release and discharge Genesee from its obligations under the Guaranty in consideration of a lump sum payment by Genesee to Boston Brewing.

PROVISIONS:

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, Genesee and Boston Beer hereby agree as follows:

1. CONSIDERATION FOR RELEASE. In consideration for the release from the Guaranty more fully described in Section 2 of this Agreement, Genesee agrees to pay to Boston Beer * Dollars (\$*) by wire transfer of immediately available funds to an account identified in writing by Boston

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Beer, which payment shall be made within two (2) business days after execution of this Agreement by both parties hereto.

2. RELEASE FROM GUARANTY. Upon receipt by Boston Beer of the payment described in Section 1 of this Agreement, Boston Beer does hereby

irrevocably release and discharge Genesee, Genesee Corporation, their respective officers, directors and employees, and their respective successors and assigns, (collectively, "Releasees") from any and all: (a) obligations, duties, covenants and responsibilities under the Guaranty or the Production Agreement; and (b) claims, demands, actions, causes of action, debts, costs and liabilities whatsoever whether in law or equity, which Boston Beer ever had, now has or hereafter can, shall or may have against Releasees arising from or related to the Guaranty or the Production Agreement.

3. ENTIRE AGREEMENT; AMENDMENTS OR MODIFICATION. This Agreement constitutes the entire agreement between the parties regarding the subject matter hereof. This Agreement may not be amended or modified except in writing executed by both parties.
4. COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
5. GOVERNING LAW. This Agreement, as well as all rights and obligations of the parties hereto, shall be governed, construed and interpreted according to the internal laws of the State of New York.

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

GBC LIQUIDATING CORP.

By: _____

Name: _____

Title: _____

BOSTON BEER CORPORATION

By: _____

Name: _____

Title: _____

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

BETWEEN

THE BOSTON BEER COMPANY, INC.

AND

BOSTON BEER CORPORATION

AS BORROWERS

AND

FLEET NATIONAL BANK

EFFECTIVE AS OF JULY 1, 2002

TABLE OF CONTENTS

SECTION -----	PAGE ----
1. DESCRIPTION OF CREDIT FACILITY.....	2
1.1 THE LOANS.....	2
1.2 THE NOTES.....	2
1.3 INTEREST; DEFAULT RATE.....	2
1.4 NOTICE AND MANNER OF BORROWING OR CONVERSION OF LOANS.....	2
1.5 PREPAYMENTS.....	3
1.6 FEES.....	3
1.7 CAPITAL ADEQUACY.....	3
1.8 TAXES.....	4
1.9 METHOD AND APPLICATION OF PAYMENTS.....	4
1.10 COMPUTATION OF INTEREST AND FEES.....	5
1.11 USE OF PROCEEDS.....	5
1.12 SUBSIDIARY GUARANTIES.....	5
2. CONDITIONS OF LOANS.....	5
2.1 CONDITIONS PRECEDENT TO INITIAL LOAN.....	5

2.2	CONDITIONS PRECEDENT TO ALL LOANS.....	5
3.	REPRESENTATIONS AND WARRANTIES.....	6
3.1	ORGANIZATION AND QUALIFICATION.....	6
3.2	AUTHORITY.....	7
3.3	CONSENTS; VALIDITY.....	7
3.4	TITLE TO PROPERTIES; ABSENCE OF ENCUMBRANCES.....	7
3.5	FINANCIAL STATEMENTS.....	7
3.6	TAXES.....	8
3.7	LITIGATION.....	8
3.8	COMPLIANCE WITH LAWS AND AGREEMENTS.....	8
3.9	NO INSOLVENCY.....	8
3.10	FULL DISCLOSURE.....	8
3.11	MARGIN STOCK.....	9
3.12	PATENTS, TRADEMARKS, ETC.....	9
3.13	ERISA.....	9
3.14	ENVIRONMENTAL LAWS.....	10
SECTION		PAGE
-----		----
3.15	OWNERSHIP.....	11
4.	AFFIRMATIVE COVENANTS.....	11
4.1	FINANCIAL REPORTING.....	11
4.2	CONDUCT OF BUSINESS.....	12
4.3	MAINTENANCE	
	AND INSURANCE.....	13
4.4	TAXES AND ACCOUNTS PAYABLE.....	13
4.5	MAINTENANCE OF BOOKS AND RECORDS.....	13
4.6	ENVIRONMENTAL LAWS.....	13
4.7	FURTHER ASSURANCES.....	13
4.8	PRINCIPAL DEPOSITORY.....	13
5.	FINANCIAL COVENANTS.....	14
5.1	COVENANTS.....	14

5.2	DEFINITIONS.....	14
6.	NEGATIVE COVENANTS.....	16
6.1	INDEBTEDNESS, GUARANTEES.....	16
6.2	ENCUMBRANCES.....	16
6.3	SALE AND LEASEBACK.....	17
6.4	MERGER; CONSOLIDATION; DISPOSITION OF ASSETS; ETC.	17
6.5	INVESTMENTS.....	17
6.6	TRANSACTIONS WITH AFFILIATES.....	17
6.7	DISTRIBUTIONS.....	17
7.	DEFAULTS.....	18
7.1	EVENTS OF DEFAULT.....	18
7.2	REMEDIES.....	20
8.	GENERAL PROVISIONS.....	20
8.1	NOTICES.....	20
8.2	EXPENSES.....	21
8.3	SET-OFF.....	21
8.4	NO WAIVERS; TERM.....	22
8.5	REPLACEMENT OF NOTES.....	22
8.6	USURY.....	22
8.7	GOVERNING LAW.....	23

- ii -

SECTION	PAGE	
-----	----	
8.8	ENTIRE AGREEMENTS; AMENDMENTS.....	23
8.9	BINDING EFFECT OF AGREEMENT; ASSIGNMENTS.....	23
8.10	COUNTERPARTS, ETC.....	24
8.11	WAIVER OF JURY TRIAL.....	24
8.12	CONSENT TO JURISDICTION.....	24
8.13	INDEMNIFICATION; JOINT AND SEVERAL LIABILITY.....	24

- iii -

SCHEDULES

Schedule A General Defined Terms
Schedule B LIBOR Terms

EXHIBITS

Exhibit 1.2 Form of Revolving Credit Note
Exhibit 1.4 Notice of Borrowing or Conversion
Exhibit 2.1 Agenda of Closing
Exhibit 3.7 Litigation
Exhibit 3.14 Environmental Matters
Exhibit 3.15 Ownership
Exhibit 4.1 Form of Officer's Compliance Certificate
Exhibit 6.4 Form of Notice of New Subsidiary

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement") is effective as of July 1, 2002 by and among THE BOSTON BEER COMPANY, INC. (the "Holding Company") and BOSTON BEER CORPORATION, the successor in interest to Boston Beer Company Limited Partnership (the "Principal Operating Company"), each a Massachusetts corporation (together, the "Borrowers" and each individually, a "Borrower"); and FLEET NATIONAL BANK, a national banking association (the "Bank"). Capitalized terms used herein are defined in Section 5 and SCHEDULES A and B hereto.

A. Boston Beer Company Limited Partnership, the predecessor in interest of the Principal Operating Company (the "Partnership") and the Holding Company, as borrowers, previously entered into a Credit Agreement dated as of March 21, 1997, as amended (the "Original Agreement"), pursuant to which the Partnership and the Holding Company issued their joint and several Revolving Credit Note and Revolving Credit and Term Note (together, the "Original Notes") to evidence revolving lines of credit in the respective principal amounts of \$15,000,000 and \$30,000,000 (together, the "Original Facilities"). \$-0- is outstanding under the Original Facilities.

B. Effective as of December 31, 2000, the Partnership transferred all of its assets and properties (including its rights under the Original Agreement) to the Principal Operating Company, which assumed all of the Partnership's outstanding liabilities (including its obligations under the Original Agreement). The Partnership was cancelled on November 19, 2001. (The foregoing transactions are referred to collectively herein as the "Partnership Transfer".)

C. In connection with and subsequent to the Partnership Transfer, the Holding Company also caused the transfer of the assets of certain other Subsidiaries, the dissolution thereof and the formation of several new Subsidiaries (collectively with the Partnership Transfer, the "Restructuring").

D. The Borrowers desire to (1) replace the Original Facilities with a new revolving line of credit in the principal amount of \$45,000,000, expiring March 31, 2007, (2) amend the Original Agreement to reflect the Restructuring and (3) effect certain other amendments to the Original Agreement.

E. The Bank is willing to establish such replacement line of credit facility and make such amendments, subject to the terms and conditions set forth herein. This Agreement amends and restates the Original Agreement (which amended and restated the Credit Agreement dated as of May 2, 1995 between the Partnership and the Bank).

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto hereby agree as follows:

1. DESCRIPTION OF CREDIT FACILITY.

1.1 THE LOANS. Subject to the terms and conditions of this Agreement, the Bank agrees to make revolving credit loans (the "Loans") jointly to the Borrowers from time to time until the close of business on March 31, 2007 (the "Expiration Date"), in such sums as the Borrowers may request; provided,

however, that the aggregate principal amount of the Loans at any time outstanding hereunder shall not exceed \$45,000,000 (the "Commitment"). Within the limits of the Commitment, the Borrowers may borrow, prepay and reborrow hereunder from the date hereof to the Expiration Date; provided that each Loan shall be in the amount of \$100,000 or an integral multiple thereof. All of the outstanding principal on the Loans, together with all accrued interest thereon and all fees, expenses and other charges under the Loan Documents, shall be due and payable in full on the Expiration Date.

1.2 THE NOTES. The Loans shall be evidenced by the joint and several Revolving Credit Note of the Borrowers in the form of EXHIBIT 1.2 hereto payable to the order of the Bank (together with any additional Revolving Credit Notes issued to any assignee(s) of the Bank or otherwise issued in substitution therefor or replacement thereof, the "Notes"). Said Revolving Credit Note amends and restates the Original Revolving Note. The Notes are incorporated herein by reference and made a part hereof.

1.3 INTEREST; DEFAULT RATE.

(a) Subject to this Agreement, the Borrowers may elect an interest rate for each Loan based on either (i) the Alternative Prime Rate or (ii) the applicable LIBOR Rate (as defined on SCHEDULE B hereto) plus .45%. Each Prime Rate Loan shall bear interest on the outstanding principal amount thereof at a rate per annum equal to the Alternative Prime Rate, payable on the last day of each month, commencing on April 30, 2002, and when such Prime Rate Loan is due (whether at maturity, by reason of acceleration or otherwise). LIBOR Loans shall bear interest, and otherwise be governed, in accordance with SCHEDULE B (the "LIBOR Terms").

(b) Overdue principal (whether at maturity, by reason of acceleration or otherwise) and, to the extent permitted by applicable law, overdue interest and fees or any other amounts payable hereunder or under the Notes, shall bear interest (whether or not the Bank has accelerated payment of the Notes) from and including the due date until paid, payable on demand, at a rate per annum equal to 4% above the rate then applicable to Prime Rate Loans. In addition, if the entire amount of any required principal and/or interest is not paid in full within ten days after the same is due, the Borrowers shall pay to the Bank a late fee equal to 5% of the required payment.

1.4 NOTICE AND MANNER OF BORROWING OR CONVERSION OF LOANS.

(a) Whenever the Borrowers desire to obtain or continue a Loan hereunder or convert an outstanding Loan to a Loan of a different type, they shall notify the Bank (which notice shall be irrevocable) by telecopy or telephone received no later than 10:30 a.m. Boston time (i) on the date of the requested action, with respect to a Loan to be made, continued or converted to a

- 2 -

Prime Rate Loan, and (ii) not less than two, nor more than five, Business Days before the requested action, with respect to a Loan to be made, continued as or converted to a LIBOR Loan. Such notice shall specify (A) the effective date and amount of each Loan or portion thereof to be made, continued or converted, (B) the interest rate option to be applicable thereto, and (C) the duration of the LIBOR Period, if applicable. Each such notification (a "Notice of Borrowing or Conversion") shall be immediately followed by a written confirmation in the form attached hereto as EXHIBIT 1.4.

(b) Subject to the LIBOR Terms, the Borrowers may convert all or any part (in integral multiples of \$100,000) of any outstanding Loan into a LIBOR Loan or a Prime Rate Loan, as the case may be, in the same aggregate principal amount, on any Business Day (which, in the case of a conversion of an existing LIBOR Loan, must be on the last day of the LIBOR Period applicable to such existing LIBOR Loan).

(c) Notwithstanding the foregoing, no LIBOR Loan may be continued as such nor may any Prime Rate Loan be converted to a LIBOR Loan during the existence of

a Default if the Bank has determined, in its sole discretion, not to permit such continuations and conversions.

1.5 PREPAYMENTS. LIBOR Loans may be prepaid, without premium or penalty (but subject to the LIBOR Terms), on the last day of the applicable LIBOR Period, upon at least three Business Days' prior written notice provided by the Borrowers to the Bank. Prime Rate Loans may be prepaid at any time, without premium or penalty, on same day notice if such notice is received prior to 10:30 a.m. on the date of such prepayment. Any interest accrued on the amounts so prepaid to the date of such payment must be paid at the time of any such payment.

1.6 FEES. The Borrowers shall pay to the Bank during the Revolving Credit Period a non-refundable commitment fee computed at the rate of .15% per annum on the average daily unused portion of the Commitment, payable quarterly in arrears, on the last day of March, June, September and December of each year and on the last day of the Revolving Credit Period.

1.7 CAPITAL ADEQUACY. The Bank shall notify the Borrowers if after the date hereof the Bank determines that (a) the adoption after the date hereof of or change after the date hereof in any law, rule, regulation or guideline regarding capital adequacy for banks or bank holding companies, or any change after the date hereof in the interpretation or application thereof by any governmental authority charged with the administration thereof (to the extent such adoption or change occurs after the date hereof), or (b) compliance by the Bank or its parent bank holding company with any guideline, request or directive taking effect after the date hereof of any such entity regarding capital adequacy (whether or not having the force of law), has the effect of reducing the return on the Bank's or such holding company's capital as a consequence of the Bank's commitment to make Loans hereunder to a level below that which the Bank or such holding company could have achieved but for such adoption, change or compliance (taking into consideration the Bank's or such holding company's then existing policies with respect to capital adequacy and assuming the full utilization of such entity's capital) by any amount the Bank considers to be material. The Borrowers agree to pay to the Bank the actual amount of such reduction of return as and when such reduction is determined, when the Bank presents a

- 3 -

statement of the amount and setting forth the Bank's calculation thereof. Such statement shall be deemed true and correct, absent manifest error.

1.8 TAXES.

(a) All payments made by the Borrowers under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp, franchise, excise or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on the Bank as a result of a present or former connection between the Bank and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Bank having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document). If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") or other stamp or documentary taxes or excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document ("Other Amounts") are required to be withheld from any amounts payable to the Bank hereunder, the amounts so payable to the Bank (including any penalties, interest or expenses) shall be increased to the extent necessary to yield to the Bank (after payment of all Non-Excluded Taxes and Other Amounts) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement.

(b) In addition, the Borrowers shall pay any Other Amounts to the relevant Governmental Authority in accordance with applicable law.

(c) Whenever any Non-Excluded Taxes or Other Amounts are payable by the Borrowers, as promptly as possible thereafter the Borrowers shall send to the Bank a certified copy of an original official receipt received by the Borrowers showing payment thereof. If the Borrowers fail to pay any Non-Excluded Taxes or Other Amounts when due pursuant to this Agreement to the appropriate taxing authority or fails to remit to the Bank the required receipts or other required documentary evidence, the Borrowers shall indemnify the Bank for any incremental taxes, interest or penalties that may become payable by the Bank as a result of any such failure.

1.9 METHOD AND APPLICATION OF PAYMENTS. All payments and prepayments of principal and all payments of interest and fees shall be made by the Borrowers to the Bank at its head office in immediately available funds, on or before 11:00 a.m. (Boston time) on the due date thereof, free and clear of, and without set-off, deduction, withholding or counterclaim for, any taxes or other payments. All payments shall be applied first to the payment of all fees, expenses and other amounts due to the Bank (excluding principal and interest), then to accrued interest, and the balance on account of outstanding principal; provided, however, that after the occurrence

- 4 -

of a Default payments will be applied to the Obligations as the Bank determines, in its sole discretion..

1.10 COMPUTATION OF INTEREST AND FEES. All interest and fees payable hereunder shall be computed daily on the basis of a 360-day year, counting the actual number of days elapsed. If the due date for any payment of principal is extended by operation of law, interest shall be payable for such extended time. If any payment required by this Agreement becomes due on a day that is not a Business Day, such payment may be made on the next succeeding Business Day (subject to the definition of LIBOR Period set forth in the LIBOR Terms), and such extension shall be included in computing interest in connection with such payment.

1.11 USE OF PROCEEDS. The proceeds of the Loans shall be used for the working capital requirements of the Borrowers and their respective Subsidiaries (collectively, the "Companies") and for fixed asset purchases by the Companies made in the ordinary course of business and not pursuant to any business acquisition. In addition, up to \$20,000,000 in the aggregate may be used for Permitted Acquisitions consummated by the Companies after the date hereof ("Acquisition Loans").

1.12 SUBSIDIARY GUARANTIES. The Obligations shall be unconditionally guaranteed at all times by each Borrower's Material Subsidiaries pursuant to an unconditional guaranty satisfactory to the Bank (each, a "Subsidiary Guaranty").

2. CONDITIONS OF LOANS.

2.1 CONDITIONS PRECEDENT TO INITIAL LOAN. The obligation of the Bank to make its initial Loan under this Agreement is subject to the conditions precedent that the Bank shall have received, in form and substance reasonably satisfactory to the Bank and its counsel, (a) all of the agreements, instruments and certificates described on the Closing Agenda attached as EXHIBIT 2.1, duly executed and delivered, together with all other documents and materials referred to in such Closing Agenda, and (b) satisfactory evidence of the completion of all actions referred to in such Closing Agenda.

2.2 CONDITIONS PRECEDENT TO ALL LOANS. The obligation of the Bank to make each Loan, including the initial Loan under this Agreement, or to continue or convert any Loan to a LIBOR Loan, is further subject to the following conditions:

(a) the Bank shall have received a properly completed Notice of Borrowing or Conversion;

(b) the representations and warranties contained in Section 3 shall be true and accurate in all material respects on and as of the date of such Notice of Borrowing or Conversion and on the effective date of the making, continuation or conversion of each Loan as though made at and as of each such date (except to the extent that such representations and warranties expressly relate to an earlier date);

- 5 -

(c) no Default shall have occurred and be continuing, or would exist after giving effect to such Loan (on the proposed borrowing date thereof and, on a pro forma basis, on the last day of the most recent fiscal quarter for which financial statements and a Compliance Report have been delivered to the Bank under Section 4.1, as applicable); and

(d) no change shall have occurred in any law or regulation or interpretation thereof making it illegal or against the policy of any governmental authority for the Bank to make Loans hereunder.

Each request for the making, continuation or conversion of a Loan shall be deemed a representation and warranty to such effect by the Borrowers as of the date of the making, continuation or conversion of such Loan.

3. REPRESENTATIONS AND WARRANTIES.

To induce the Bank to enter into this Agreement and to make Loans under the Commitment, each of the Borrowers makes the representations and warranties set forth below, each of which representations and warranties reflect the execution hereof and the initial Loan hereunder, and shall survive the delivery of the Notes and the making of all Loans:

3.1 ORGANIZATION AND QUALIFICATION.

(a) The Principal Operating Company (i) is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts, (ii) has all requisite corporate power to own its property and conduct its business as now conducted and as presently contemplated, (iii) is duly qualified and in good standing as a foreign corporation and is duly authorized to do business in each jurisdiction where the nature of its properties or business requires such qualification, and (iv) has no Subsidiaries, except Hops Financial Holdings Business Trust, a Massachusetts business trust ("Hops Financial"). Hops Financial was organized on March 4, 2002 and is a Material Subsidiary.

(b) The Holding Company (i) is a Massachusetts corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts, (ii) has all requisite corporate power to own its property and conduct its business as now conducted and as presently contemplated, (iii) is duly qualified and in good standing as a foreign corporation and is duly authorized to do business in each jurisdiction where the nature of its property or business requires such qualification, and (iv) has no Subsidiaries other than as specified on EXHIBIT 3.15.

(c) Each of the Subsidiaries of the Borrowers (i) is a corporation, limited liability company or business trust duly organized or formed, validly existing and in good standing under its laws of its state of incorporation or formation, as applicable, (ii) has all requisite power to own its own property and conduct its business as now conducted and a presently contemplated, (iii) is duly qualified and in good standing as a foreign business entity and is duly authorized to

- 6 -

do business in each jurisdiction where the nature of its property or business requires such qualification, and (iv) has no Subsidiaries other than as specified on EXHIBIT 3.15.

(d) This representation shall be updated from time to time by the Borrowers when any new Subsidiary is formed, by delivery of a properly completed Notice of New Subsidiary, as required under Section 6.4.

3.2 AUTHORITY. The execution, delivery and performance of this Agreement, the Notes, the Subsidiary Guaranties and all related agreements, instruments and certificates (all of the foregoing collectively referred to as the "Loan Documents") and the transactions contemplated hereby are within the power and authority of the Companies who are named as parties thereto, and have been authorized by the governing bodies (and, if required, equityholders) of the respective Companies, as applicable, and by all other necessary proceedings, and do not and will not (a) violate the Organizational Documents of any Company or any law, rule, order or regulation applicable to any of them, (b) contravene any provision of, or constitute (with due notice or lapse of time or both), a default under, any other agreement, instrument, order or undertaking binding on any Company, or (c) result in the creation or imposition of any Encumbrance on any of the properties, assets or rights of any Company.

3.3 CONSENTS; VALIDITY. The execution, delivery and performance by each Company of the Loan Documents and the transactions contemplated therein do not require any approval or consent of, or filing or registration with, any Governmental Authority or any other party. The Loan Documents are the legal, valid and binding obligations of each Company named as a party thereto, enforceable in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally.

3.4 TITLE TO PROPERTIES; ABSENCE OF ENCUMBRANCES. Each Company has good title to all of the properties, assets and rights purported to be owned by it, including without limitation, those reflected in the financial statements referred to in Section 3.5 (except inventory and equipment disposed of in the ordinary course of business since the date thereof), free from all Encumbrances, except Permitted Encumbrances.

3.5 FINANCIAL STATEMENTS. The Holding Company has provided to the Bank its consolidated balance sheet as of December 29, 2001 and the consolidated statements of operations and cash flows for the fiscal year then ended, and related footnotes, audited and certified by Arthur Andersen, LLC, together with the related consolidating statements as of and for the fiscal year ending on such date. Such financial statements were prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods specified and present fairly the financial position of the Holding Company and its Subsidiaries as of such dates and the results of the operations of the Holding Company and its Subsidiaries for such periods. There are no liabilities or commitments, contingent or otherwise, not disclosed in such financial statements that involve a material amount. Since the date of the most recent audited financial statements delivered to the Bank, except as otherwise disclosed in writing prior to the date hereof to the Bank with respect to certain unrealized loss in investment

- 7 -

securities, there have been no changes in the assets, liabilities, financial condition or business of any Company, other than changes in the ordinary course of business, the effect of which has not, in the aggregate, been materially adverse to any Company or its assets and properties.

3.6 TAXES. Each Company has filed all federal, state and other material tax returns required to be filed by it, if any, and has paid or made adequate provision for the payment of all federal, state and other taxes, charges and assessments, if any.

3.7 LITIGATION. Except as disclosed on EXHIBIT 3.7, there is no

litigation, arbitration, proceeding or investigation pending, or, to the knowledge of any of the Borrowers' officers, threatened, against or affecting any Company that, if adversely determined, would reasonably be likely (a) to result in a material judgment not fully covered by insurance or a forfeiture of all or any material part of the property of any Company, or (b) otherwise to have a material adverse effect on the assets, business, prospects or condition, financial or otherwise, of any Company.

3.8 COMPLIANCE WITH LAWS AND AGREEMENTS. None of the Companies is a party to any agreement or instrument or subject to any corporate or partnership restriction materially adversely affecting its assets, business, prospects or condition, financial or otherwise. None of the Companies is in (a) violation or alleged violation of any provision of law or regulation, including without limitation any ERISA provision, any SEC law, rule or regulation or any Environmental Law, the violation of which would reasonably be likely to have a material adverse effect upon any Company, or any order, judgment or decree of any court or other agency of government or (b) default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any material agreement or instrument to which it is a party. None of the Companies is subject to regulation under the Investment Company Act of 1940, as amended.

3.9 NO INSOLVENCY. None of the Companies is insolvent or unable to pay its debts as they become due; the Loans made or to be made to the Borrowers do not and will not render any Company insolvent or unable to pay its debts as they become due; the capital of each Company is not unreasonably small, compared with the capital of companies of similar size and engaged in similar activities, in light of the needs and anticipated needs for capital of the businesses conducted or anticipated to be conducted by it; none of the Companies is contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency laws or the liquidating of all or a major portion of its property, and none of the Borrowers' officers has knowledge of any person contemplating the filing of any such petition against any Company or any of its properties and assets.

3.10 FULL DISCLOSURE. No statement of fact made by or on behalf of any Company in any Loan Document or other document provided to Bank contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained therein or herein not misleading. There is no fact presently known to any of the Borrowers' officers which has not been disclosed to the Bank which materially affects adversely or, as far as such officer or partner can foresee, will materially affect adversely the assets, business or condition (financial or otherwise) of any Company. As of the date of this Agreement, no Default exists.

- 8 -

3.11 MARGIN STOCK. Neither Borrower owns or has any present intention of acquiring, and no portion of any Loan is to be used for the "purpose of purchasing or carrying", any "margin stock" as such terms are used in Regulations U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R. 221 and 224, as amended.

3.12 PATENTS, TRADEMARKS, ETC. Each Company owns or possesses all the patents, trademarks, service marks, trade names, copyrights, consents and licenses, and all rights with respect to the foregoing, necessary for the current and currently planned future conduct of its business, without any known conflict with the rights of others.

3.13 ERISA. All contributions and other payments required to be made by either Borrower or any entity with which either Borrower would be aggregated (a "Commonly Controlled Entity") under Section 414(b), (c), (m), or (o) of the Code to all employee benefit plans, as defined in Section 3(3) of ERISA which either Borrower or any Commonly Controlled Entity maintains or maintained or to which any of them contributes or has contributed (the "Employee Benefit Plans") have been made or reserves adequate for such purposes have been set aside and reflected on the Borrowers' financial statements. No Employee Benefit Plan which

is subject to Section 412 of the Code or Section 302 of ERISA has an accumulated or waived funding deficiency, has permitted decreases in its funding standard account, or has applied for a waiver of the minimum funding standard or an extension of any amortization period. No proceedings have been instituted to terminate, or to appoint a trustee to administer, any Employee Benefit Plan subject to Section 412 of the Code of Section 302 of ERISA. No lien imposed under the Code or ERISA on the assets of the Borrowers or any Commonly Controlled Entity exists, or is likely to arise, on account of any Employee Benefit Plan subject to Section 412 of the Code of Section 302 of ERISA. Neither of the Borrowers and no Commonly Controlled Entity has incurred, or is likely to incur, any material withdrawal liability with respect to any multiemployer plan as defined in Section 4001(a)(3) of ERISA ("Multiemployer Plan"). No Multiemployer Plan is insolvent, unable to pay its debts as they become due, or in reorganization. Each Employee Benefit Plan which is an employee pension benefit plan, as defined in Section 3(2) of ERISA, has been determined to be qualified under Section 401(a) or Section 403(a) of the Code and nothing has occurred which would cause the loss of such qualification or the imposition of any tax liability or penalty under the Code or ERISA on either Borrower. Each Employee Benefit Plan has been and is administered in accordance with its terms and in material compliance with applicable law. To the best of their knowledge, neither of the Borrowers and no Commonly Controlled Entity has breached any fiduciary duty imposed on it under ERISA with respect to any Employee Benefit Plan or has engaged in any prohibited transaction, as defined in Title I of ERISA or Section 4975 of the Code, involving any Employee Benefit Plan for which no exemption is available. No Employee Benefit Plan which is an employee welfare benefit plan, as defined in Section 3(1) of ERISA, provides for continuing benefits or coverage for any participant (or beneficiary) after the termination of the participant's employment except as may be required under Section 4980B of the Code or applicable state statutory law.

- 9 -

3.14 ENVIRONMENTAL LAWS.

(a) Each Company has obtained all permits, licenses and other authorizations which are required under all Environmental Laws, except to the extent failure to have any such permit, license or authorization would not have a material adverse effect on any Company's business, financial condition or operations. Each Company is in compliance with the terms and conditions of all such permits, licenses and authorizations, and is also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any applicable Environmental Law or in any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, except to the extent failure to comply would not have a material adverse effect on any Company's business, financial condition, prospects or operations.

(b) No notice, notification, demand, request for information, citation, summons or order has been issued, no complaint has been filed, no penalty has been assessed and no investigation or review is pending or threatened by any governmental or other entity with respect to any alleged failure by any Company to have any permit, license or authorization required in connection with the conduct of its business or with respect to any Environmental Laws, including, without limitation, Environmental Laws relating to the generation, treatment, storage, recycling, transportation, disposal or release of any Hazardous Materials, except to the extent that such notice, complaint, penalty or investigation did not or could not result in the remediation of any property owned or used by any Company costing in excess of \$10,000 in the aggregate.

(c) To the best of each Borrower's knowledge, no material oral or written notification of a release of a Hazardous Material has been filed by or on behalf of any Company and no property now or previously owned, leased or used by any Company is listed or proposed for listing on the National Priorities List under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or on any similar state list of sites requiring investigation or clean-up.

(d) There are no Encumbrances arising under or pursuant to any Environmental Laws or any of the real property or properties owned, leased or used by any Company and no governmental actions have been taken or are in process which could subject any of such properties to such liens or encumbrances or, as a result of which any Company would be required to place any notice or restriction relating to the presence of Hazardous Materials at any property owned by it in any deed to such property.

(e) Except as disclosed on EXHIBIT 3.14, none of the Companies and, to the best knowledge of either Borrower, no previous owner, tenant, occupant or user of any property owned, leased or used by any Company has (i) engaged in or permitted any operations or activities upon or any use or occupancy of such property, or any portion thereof, for the purpose of or in any way involving the handling, manufacture, treatment, storage, use, generation, release, discharge, refining, dumping or disposal (whether legal or illegal, accidental or intentional) of any Hazardous Materials on, under, in or about such property, except to the extent commonly used in day-to-day operations of such property and in such case only in compliance with all

- 10 -

Environmental Laws, or (ii) transported any Hazardous Materials to, from or across such property except to the extent commonly used in day-to-day operations of such property and, in such case, in compliance with, all Environmental Laws; nor, to the best knowledge of either Borrower, have any Hazardous Materials migrated from other properties upon, about or beneath such property, nor, to the best knowledge of either Borrower, are any Hazardous Materials presently constructed, deposited, stored or otherwise located on, under, in or about such property except to the extent commonly used in day-to-day operations of such property and, in such case, in compliance with, all Environmental Laws.

3.15 OWNERSHIP. The Holding Company is the owner, directly or thorough wholly-owned Subsidiaries, beneficially and legally, of all of the outstanding equity interests in the Principal Operating Company. EXHIBIT 3.15 sets forth in detail such direct and indirect ownership. No person or entity not identified on EXHIBIT 3.15 has an equity interest in the Principal Operating Company or any right to acquire such an interest. The Holding Company's authorized capital stock consists of two classes, a limited voting rights Class A Common Stock and a full voting rights Class B Common Stock. Among its voting rights, the holders of the Class A Common Stock have the right to elect not fewer than two nor more than four of the Holding Company's Directors, and the holders of the Class B Common Stock have the right to elect no fewer than five nor more than seven of the Holding Company's Directors. C. James Koch is currently the sole holder, beneficially and legally, of all of the issued and outstanding shares of the Class B Common Stock. The Class A Common Stock is publicly traded and is listed on the New York Stock Exchange.

4. AFFIRMATIVE COVENANTS.

Each of the Borrowers covenants and agrees that, so long as the Bank has any commitment to lend hereunder or in connection with any other Obligation, or any Loan or other Obligation remains outstanding, each of the Borrowers will, and (as applicable) will cause each Subsidiary to:

4.1 FINANCIAL REPORTING. Furnish to the Bank:

(a) Within 120 days after the end of each fiscal year, its consolidated balance sheet as of the end of, and the related statements of operations and cash flow for, such year, and comparisons to prior years, audited and certified by Deloitte & Touche (or other independent certified public accountants acceptable to the Bank), together with the related consolidating statements, and promptly (and in any event within five days) after the same is available, a copy of the management letter prepared by such accountants with respect thereto;

(b) Within 55 days after the end of each fiscal quarter, its consolidated balance sheet as of the end of, and the related statements of operations and

cash flow for, the period then ended and year-to-date, and comparisons to prior periods and years, certified by the Borrowers' chief financial officer (subject to normal, recurring year-end adjustments that shall not in the aggregate be material in amount);

- 11 -

(c) On the date hereof and concurrently with the delivery of the annual and quarterly financial statements required by Sections 4.1(a) and (b), a report substantially in the form of EXHIBIT 4.1 hereto signed on behalf of each Borrower by its chief financial officer;

(d) No later than 60 days after the beginning of each fiscal year, financial projections of the Borrowers for such fiscal year;

(e) Immediately upon becoming aware of the existence of any condition or event that constitutes a Default, written notice thereof specifying the nature and duration thereof and the action being or proposed to be taken with respect thereto;

(f) Promptly (and in any event within five days) after becoming aware of any litigation or of any investigative proceedings by a governmental agency or authority commenced or threatened against any Company, the outcome of which would have a reasonable likelihood of resulting in a materially adverse effect on any of its material assets or its business or financial condition, written notice thereof and of the action being or proposed to be taken with respect thereto;

(g) Promptly after the same are available, copies of all financial statements, proxy statements and regular and periodic reports that the Holding Company may send to its stockholders or file with the SEC or any other governmental authority at any time having jurisdiction over any Company;

(h) If and when either Borrower gives or is required to give notice to the PBGC of any "Reportable Event" (as defined in Section 4043 of ERISA) with respect to any Employee Benefit Plan that might constitute grounds for a termination of such Employee Benefit Plan under Title IV of ERISA, or knows that any member of the Commonly Controlled Entity or the Employee Benefit Plan Administrator of any Employee Benefit Plan has given or is required to give notice of any such Reportable Event, a copy of the notice of such Reportable Event given or required to be given to the PBGC;

(i) Promptly upon becoming aware of any investigative proceedings by a governmental agency or authority commenced or threatened against any Company regarding any potential violation of Environmental Laws or any spill, release, discharge or disposal of any Hazardous Material, written notice thereof and the action being or proposed to be taken with respect thereto; and

(j) From time to time, such other data and information (financial and otherwise) about any Company or its respective assets and properties as the Bank may reasonably request.

4.2 CONDUCT OF BUSINESS. (a) Maintain in good standing its existence as a corporation, limited liability company or business trust, as applicable, and its foreign qualifications as required by applicable law where the failure to do so qualify could have a material adverse effect on it (b) duly observe and comply in all material respects with all applicable laws and all applicable requirements of any Governmental Authorities whether now in effect or hereafter

- 12 -

enacted or promulgated, including without limitation Environmental Laws, SEC laws, rules and regulations and ERISA, (c) comply in all material respects with all material agreements to which it is or becomes a party, (d) maintain and keep in full force and effect all rights, privileges, patents, trademarks, licenses, permits and other intangibles necessary in any material respect to the proper

conduct of its business, and (e) remain and engage in substantially the same business as that in which each is now engaged.

4.3 MAINTENANCE AND INSURANCE. Maintain its properties in good repair, working order and condition as required for the normal conduct of its business; and at all times maintain liability, product liability, builder's risk, workers' compensation, casualty and other insurance insuring such Company and its properties with financially sound and reputable insurers in such amounts as the officers or partners of such Company in the exercise of their reasonable judgment deem to be adequate and, in any event, in customary amounts with respect to like properties or risks of companies conducting similar businesses; at the Bank's request from time to time, deliver certificates of insurance evidencing such coverage.

4.4 TAXES AND ACCOUNTS PAYABLE. Pay or cause to be paid all taxes, assessments or governmental charges on it or its respective properties, as well as all lawful claims for labor, materials and supplies or otherwise, which, if unpaid, could become a lien or charge upon such properties or any part thereof when or before they become due; provided that this covenant shall not apply to any tax, assessment or charge that is being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been established and are being maintained in accordance with generally accepted accounting principles.

4.5 MAINTENANCE OF BOOKS AND RECORDS. Keep adequate books and records of account, in which true and complete entries will be made reflecting all of its business and financial transactions and prepare financial statements hereunder in accordance with U.S. generally accepted accounting principles consistently applied and applicable law. Permit agents or representatives of the Bank, at any reasonable time, and upon reasonable notice (or if a Default shall have occurred and is continuing, at any time without prior notice), to (a) examine, make copies of and take abstracts from the financial and accounting books and records of the Companies, and (b) discuss the affairs, finances and accounts of the Companies with their officers, partners, employees and accountants.

4.6 ENVIRONMENTAL LAWS. Comply in all material respects with, and perform all Clean-up Work necessary under, all Environmental Laws applicable (now or in the future) to any Company or its business.

4.7 FURTHER ASSURANCES. At any time and from time to time, (a) cause any Subsidiary prior to or upon becoming a Material Subsidiary to execute and deliver to Bank an unlimited guaranty in favor of Bank, guaranteeing all existing and future obligations of Borrowers to Bank; and (b) execute and deliver such further instruments and take such further action as may reasonably be requested by the Bank to effect the purposes of the Loan Documents.

4.8 PRINCIPAL DEPOSITORY. Use the Bank as its principal depository.

- 13 -

5. FINANCIAL COVENANTS.

5.1 COVENANTS. Each of the Borrowers covenants and agrees that, so long as the Bank has any commitment to lend hereunder or any Loan or other Obligation to the Bank remains outstanding, each of the Borrowers will:

(a) Maintain at all times during the period from the date hereof through June 30, 2002, Tangible Net Worth of not less than (i) \$68,000,000, plus (ii) 50% of positive Net Income (with no reduction for losses) for the fiscal quarters ended March 31 and June 30, 2002 plus (iii) 100% of Net Equity Proceeds received during such two fiscal quarters; and, thereafter, maintain Tangible Net Worth at all times during each fiscal quarter (each, a "Test Quarter") of at least (A) the minimum amount of Tangible Net Worth required hereunder as of the last day of the immediately preceding fiscal quarter, plus (B) 50% of positive Net Income (with no reduction for losses) for the Test Quarter, plus (C) 100% of Net Equity Proceeds received during the Test Quarter; and

(b) Not permit at any time the ratio of Total Liabilities to Tangible Net Worth to be greater than 1.00:1.00;

(c) Not permit the ratio of Total Funded Debt at any time to EBITDA for the most recently ended period of four consecutive fiscal quarters to be greater than 2.50:1.00; and

(d) As to the Holding Company, earn Net Income of at least \$1.00 for each trailing four consecutive fiscal quarter-period.

5.2 DEFINITIONS. For purposes of this Section, the following terms shall have the following meanings and any undefined terms shall be defined in accordance with generally accepted accounting principles on a basis consistent with (a) that used in prior periods and (b) that in preparing the audited financial statements referred to in Sections 3.5 and 4.1(a):

(a) As used herein, "EBITDA" shall mean, for any period, an amount equal to Net Income for such period plus, to the extent deducted in the calculation of Net Income for such period, (i) taxes in respect of income and profits paid or accrued during such period (ii) Interest Expense for such period and (iii) depreciation, amortization and other non-cash charges taken in accordance with generally accepted accounting principles for such period.

(b) As used herein, "Indebtedness for Borrowed Money" shall mean, without duplication, all indebtedness of the Companies with respect to any of the following: (i) money borrowed (whether recourse or nonrecourse), including principal, interest and premiums, (ii) obligations evidenced by a bond, debenture, note or other similar written obligation to pay money, (iii) capitalized lease obligations, (iv) obligations under conditional sales or other title retention agreements or secured by any Encumbrance, (v) any letters of credit or similar instruments (including reimbursement obligations with respect thereto), (vi) the deferred purchase price of property or services, except trade payables and accrued expenses as incurred in

- 14 -

the ordinary course of business, or (vii) any guaranty of any or all of the foregoing, in case each determined on a consolidated basis in accordance with generally accepted accounting principles.

(c) As used herein, "Interest Expense" shall mean, for any period, interest expense (including imputed interest on capital lease obligations) of the Companies for such period, determining on a consolidated basis in accordance with generally accepted accounting principles.

(d) As used herein, "Net Equity Proceeds" shall mean, for any period, the aggregate cash proceeds (net of reasonable out-of-pocket fees and expenses) received by the Holding Company during such period in connection with any issuance by the Holding Company of any shares of its capital stock, other equity interests or options, warrants or other purchase rights to acquire such capital stock or other equity interests to, or receipt of a capital contribution from, any Person (other than (i) an officer, employee or director of any Company or (ii) either Borrower, with respect to capital contributions to their respective Subsidiaries), minus cash payments made to effect (i) any Phase 1 Stock Repurchases during such period and (ii) solely to the extent such deduction is permitted by the Bank, in its sole discretion, any Phase 2 Stock Repurchases during such period.

(e) As used herein, "Net Income" shall mean the net income (or loss) of the Companies, after deducting all operating expenses, provisions for all taxes and reserves (including reserves for deferred income taxes) and all other proper deductions, all determined on a consolidated in accordance with generally accepted accounting principles.

(f) As used herein, "Tangible Net Worth" shall mean as of any date as of which the amount thereof shall be determined, the total consolidated assets of the Companies minus (a) the sum of any amounts attributable to (i) goodwill,

(ii) intangible items such as unamortized debt discount and expense, patents, trade and service marks and names, copyrights and research and development expenses except prepaid expenses, (iii) all reserves not already deducted from assets, (iv) any write-up in the book value of assets resulting from any revaluation thereof subsequent to the date of the Holding Company's audited financial statements referred to in Section 3.5, and (v) the value of any minority interest in any Subsidiaries (other than Permitted Acquisitions), and (b) Total Liabilities.

(g) As used herein, "Total Funded Debt" shall mean, at any time, all Indebtedness for Borrowed Money at such time, determined in accordance with generally accepted accounting principles. The aggregate amount of Total Funded Debt at any time shall include all accrued interest which has become due and payable but has not been paid (whether or not capitalized).

(h) As used herein, "Total Liabilities" shall mean at any date as of which the amount thereof shall be determined, all obligations which should, in accordance with generally accepted accounting principles, be classified as liabilities on the consolidated balance sheet of the Holding Company, including in any event all Indebtedness.

- 15 -

6. NEGATIVE COVENANTS.

Each of the Borrowers covenants and agrees that, so long as the Bank has any commitment to lend hereunder or any Loan or other Obligation to the Bank remains outstanding, each of the Borrowers will not, and will cause each of the Subsidiaries to not:

6.1 INDEBTEDNESS, GUARANTEES. Create, incur, assume or be or remain liable with respect to any Indebtedness or Guarantees, other than the following:

(a) Indebtedness of the Borrowers to the Bank or any of its affiliates;

(b) Indebtedness represented by amortization of the signing payment received by the Holding Company under its 1998 glass bottle contract;

(c) Purchase money Indebtedness permitted under Section 6.2(c);

(d) Guarantees made by the Borrowers' Subsidiaries in favor of the Bank or any of its affiliates; and

(e) Guarantees resulting from the endorsement of negotiable instruments for collection in the ordinary course of business.

6.2 ENCUMBRANCES. Create, incur, assume or suffer to exist any mortgage, pledge, security interest, lien or other charge or encumbrance, including the lien or retained security title of a conditional vendor upon or with respect to any of its property or assets ("Encumbrances"), or assign or otherwise convey any right to receive income, except the following ("Permitted Encumbrances"):

(a) landlords' and lessors' liens in respect of rent not in default or liens in respect of pledges or deposits under workers' compensation, unemployment insurance, social security laws, or similar legislation (other than ERISA) or in connection with appeal and similar bonds incidental to litigation; mechanics' and similar liens, if the obligations secured by such liens are not then delinquent; liens securing the performance of bids, tenders, contracts (other than for the payment of money); and statutory obligations incidental to the conduct of its business that do not in the aggregate materially detract from the value of the property of the Borrowers, or materially impair the use thereof in the operation of the businesses of the Borrowers;

(b) judgment liens that shall not have been in existence for a period longer than 30 days after the creation thereof or, if a stay of execution shall have been obtained, for a period longer than 30 days after the expiration of such stay;

(c) Encumbrances against any Company securing purchase money Indebtedness for tangible personal property (other than inventory) in the ordinary course of business in an aggregate amount (for the Companies as a group) of no more than \$5,000,000, provided that (i) the obligations secured by any such Encumbrance shall not exceed 100% of the lesser of cost or

- 16 -

fair market value as of the time of the acquisition of such property covered thereby, and (ii) each such Encumbrance shall at all times be limited solely to the item or items of property so acquired;

(d) Encumbrances on certain assets of the Borrowers (other than accounts and inventory and proceeds thereof) securing only the Indebtedness permitted under Section 6.1(b); and

(e) Easements, rights of way, restrictions and other similar charges or Encumbrances relating to real property and not interfering in a material way with the ordinary conduct of the business of the Borrowers and the Subsidiaries.

6.3 SALE AND LEASEBACK. Enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property owned by it, in order to lease such property or lease other property that any Company intends to use for substantially the same purpose as the property being sold or transferred.

6.4 MERGER; CONSOLIDATION; DISPOSITION OF ASSETS; ETC. Without the Bank's prior written consent: (a) sell, lease or otherwise dispose of any of its assets or properties except inventory and/or equipment in the ordinary course of business; (b) amend or permit the amendment of its Organizational Documents in any way that could have a material adverse effect upon its business or the Bank's rights under any Obligation or alter the relative voting rights of the Class A and Class B Common Stock of the Holding Company (whether for the Board of Directors or otherwise); (c) dissolve, liquidate, merge or consolidate into or with any other person or entity; (d) form (by spin-off or otherwise) any Subsidiary unless (i) no Default then exists or would result therefrom, (ii) at least ten days prior notice thereof shall have been provided to the Bank by delivery of a properly completed Notice of New Subsidiary in the form of EXHIBIT 6.4 and (iii) such Subsidiary, if a Material Subsidiary, shall have executed and delivered in favor of the Bank an unlimited guaranty, in form satisfactory to the Bank, guaranteeing all existing and future obligations of the Borrowers to the Bank; or (e) change its fiscal year.

6.5 INVESTMENTS. Make or maintain any Investments other than Permitted Investments.

6.6 TRANSACTIONS WITH AFFILIATES. Enter into any transaction, including, without limitation, the purchase, sale or exchange of property or assets or the rendering or accepting of any service with or to any Affiliate of any Company except in the ordinary course of business and pursuant to the reasonable requirements of such Borrower's business or Subsidiary's and upon terms not less favorable to the Borrowers and the Material Subsidiaries than they could obtain in a comparable arm's-length transaction with a third party other than such Affiliate.

6.7 DISTRIBUTIONS. Without the Bank's prior written consent, no Borrower shall make any distributions on account of or in redemption, retirement or purchase its capital stock, partnership or other equity interests; except that (a) the Borrowers' respective Subsidiaries may make distributions on account of their capital stock to the Borrowers, (b) the Holding Company

- 17 -

may redeem from former employees non-vested shares in the Holding Company's Class A Common Stock issued under the Holding Company's Employee Equity Incentive Plan, to the extent that the Holding Company has the right to redeem such shares under said Plan, and (c) the Holding Company may redeem additional shares of its Class A Common Stock, (i) as approved by its Board of Directors between January 4, 2000 and February 20, 2002 (collectively, the "Phase 1 Stock Repurchases") or (ii) as approved by its Board of Directors at any time after the date hereof (collectively, the "Phase 2 Stock Repurchases").

7. DEFAULTS.

7.1 EVENTS OF DEFAULT. There shall be an Event of Default hereunder if any of the following events occurs:

(a) default in the payment or mandatory prepayment of any amount of principal, interest, fees or expenses of any Loan or any other Obligation when due; or

(b) failure to perform any term, covenant or agreement contained in Section 4, Section 5, Section 6 or Section 8.2; or

(c) failure by any Company, as applicable, to perform any other term, covenant or agreement contained in any Loan Document if such default shall continue for 30 days after the earlier of (i) actual knowledge thereof on the part of either Borrower or (ii) notice thereof is sent to the Borrowers by the Bank; or

(d) any representation or warranty made in this Agreement or any certificate or other document furnished by or on behalf of any Company, including without limitation, in any Subsidiary Guaranty, at the closing hereunder or otherwise shall prove to have been false in any material respect upon the date when made or deemed to have been made; or

(e) default or breach (after the applicable grace period, if any) under the Indebtedness described in Section 6.1(b) or under any instrument or agreement of any Company with respect to other Indebtedness of any Company (other than to the Bank) for borrowed money or with respect to financing available to any Company (other than from the Bank), if the effect of such default or breach is to permit the holder of such Indebtedness to accelerate the maturity thereof; or

(f) any Company shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or similar official of itself or of all or a substantial part of its property, (ii) be generally not paying its debts as such debts become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) take any action or commence any case or proceeding under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, or any other law providing for the relief of debtors, (vi) fail to contest in a timely or appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the Federal Bankruptcy Code or other law, (vii) take any action under the laws of its jurisdiction of incorporation or organization

- 18 -

similar to any of the foregoing, or (viii) take any corporate action for the purpose of effecting any of the foregoing; or

(g) a proceeding or case shall be commenced, without the application or consent of any Company in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding up, or composition or readjustment of such Borrower's or such Subsidiary's debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of all or any substantial part of any Company's assets, or (iii) similar relief in respect of any Company, under any law relating to bankruptcy, insolvency, reorganization,

winding-up or composition or adjustment of debts or any other law providing for the relief of debtors, and such proceeding or case shall continue undismissed, or unstayed and in effect, for a period of 60 days; or an order for relief shall be entered in an involuntary case under the Federal Bankruptcy Code, against any Company; or action under the laws of the jurisdiction of incorporation or organization similar to any of the foregoing shall be taken with respect to any Company and shall continue unstayed and in effect for any period of 60 days; or

(h) a judgment or order for the payment of money shall be entered against any Company by any court, or a warrant of attachment or execution or similar process shall be issued or levied against property of any Company, that in the aggregate exceeds \$500,000 in value and such judgment, order, warrant or process shall continue undischarged or unstayed for 60 days or execution shall have issued in respect thereto; or

(i) there shall occur any material adverse change in the assets, liabilities, financial condition, business or prospects of any Company, as reasonably determined by the Bank acting in good faith; or

(j) for any reason, any Loan Document (including any Subsidiary Guaranty) at any time shall not be in full force and effect in all material respects or shall not be enforceable in all material respects in accordance with its terms, or any Encumbrance granted pursuant thereto shall fail to be perfected, or any person or entity (other than the Bank) shall contest the validity, enforceability or perfection of any Encumbrance granted pursuant thereto, or any party thereto (other than the Bank) shall seek to disaffirm, terminate, limit or reduce its obligations under any of the Loan Documents; or

(k) for any reason, (i) C. James Koch and (ii) either Martin Roper or Richard Lindsay (or their successors, approved as provided below) shall cease to be actively engaged in the management of the Borrowers, unless a manager or management team with qualifications, experience and reputation within the consumer beverage business reasonably acceptable to the Bank commences management of the Borrowers within 180 days after such cessations; or

(l) for any reason, the Principal Operating Company shall cease to be wholly owned, directly or indirectly through one or more wholly owned Subsidiaries, by the Holding Company; or

- 19 -

(m) for any reason, (i) C. James Koch (or, in the event of his death or disability, his heirs, legatees or legal representatives) shall cease to be the beneficial and legal owner of at least 51% of all issued and outstanding Class B Common Stock of the Holding Company on a fully diluted basis or (ii) no Class B Common Stock of the Holding Company shall be issued and outstanding.

7.2 REMEDIES. Upon the occurrence of an Event of Default described in Section 7.1(f) or and (g), immediately and automatically, and upon the occurrence of any other Event of Default, at any time thereafter while such Event of Default is continuing, at the Bank's option and upon the Bank's declaration, (a) the Commitment and all other commitments of the Bank to lend to the Borrowers shall terminate; (b) the unpaid principal amount of the Loans, together with accrued interest and all other Obligations, shall become immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived; and (c) the Bank may exercise any and all rights it has under the Loan Documents or at law or in equity and proceed to protect and enforce the Bank's rights by any action at law, in equity or other appropriate proceeding.

8. GENERAL PROVISIONS.

8.1 NOTICES. Unless otherwise specified herein, all notices hereunder to any party hereto shall be in writing, shall be addressed to such party at its address indicated below, and shall be deemed to have been given when delivered by hand, two days after being properly deposited in the mails postage prepaid, when sent by electronic telecopy transmission, or one day after delivery to an

overnight courier:

If to the Borrowers:

The Boston Beer Company, Inc.
Boston Beer Corporation
75 Arlington Street
Boston, Massachusetts 02116
Attention: Mr. Richard P. Lindsay, Chief Financial Officer
Telecopy No.: (617) 368-5530
email: richard.lindsay@bostonbeer.com

with copies to:

Ms. Kathleen H. Wade
Boston Beer Corporation
75 Arlington Street
Boston, Massachusetts 02116
Telecopy No.: (617) 368-5553
email: kathy.wade@bostonbeer.com

and

- 20 -

Frederick H. Grein, Jr., Esq.
Hutchins, Wheeler & Dittmar
101 Federal Street
Boston, Massachusetts 02110
Telecopy No.: (617) 951-1295
email: fhg@hutch.com

If to the Bank:

Fleet National Bank
100 Federal Street
Boston, Massachusetts 02110
Attention: Thomas F. Brennan, Senior Vice President
Telecopy No.: (617) 434-8102
email: thomas_f_brennan@Fleet.com

with a copy to:

Susan E. Siebert, Esq.
Edwards & Angell, LLP
101 Federal Street
Boston, Massachusetts 02110
Telecopy No.: (617) 439-4170
email: ssiebert@ealaw.com

or at any other address specified by such party in writing.

8.2 EXPENSES. The Borrowers shall pay to the Bank on demand all Expenses incurred by the Bank and the amount of all such Expenses remaining unpaid thirty (30) days after receipt by the Borrowers of an invoice therefor shall, until paid, bear interest at the rate applicable to principal hereunder (including any default rate) and be an Obligation guaranteed under the Subsidiary Guaranties.

8.3 SET-OFF. The Borrowers hereby grant to the Bank, a continuing lien, security interest and right of setoff as security for all liabilities and obligations to the Bank, whether now existing or hereafter arising, upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of the Bank or any entity under the control of FleetBoston Financial Corporation and its successors and assigns or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice (any such notice

being expressly waived by the Borrowers), the Bank may set off the same or any part thereof and apply the same to any and all Obligations of the Borrowers even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE THE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH

- 21 -

SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF THE BORROWERS OR ANY GUARANTOR, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

8.4 NO WAIVERS; TERM. No failure or delay by the Bank in exercising any right, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein and in the other Loan Documents are cumulative and not exclusive of any rights or remedies otherwise provided by agreement or law. This Agreement shall continue in force and effect so long as the Bank has any commitment to make Loans hereunder or any Loan or any other Obligation shall be outstanding, provided that the Borrowers agreements under Sections 1.7, 1.8, 8.2, 8.13 and Part B, Sections 2, 3 and 4 of SCHEDULE B shall survive the payment of the obligations and the expiration of the Commitment.

8.5 REPLACEMENT OF NOTES. Upon receipt of an appropriate and reasonably acceptable affidavit of an officer of the Bank as to the loss, theft, destruction or mutilation of any Note or of any other Loan Document which is not of public record and, in the case of any such mutilation, upon surrender and cancellation of such Note or other Loan Document, the Borrowers will issue, in lieu thereof, a replacement Note or other Loan Document in the same principal amount and in any event of like tenor.

8.6 USURY. All agreements between one or both of the Borrowers (on the one hand) and the Bank (on the other hand) are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the Notes or otherwise, shall the amount paid or agreed to be paid to the Bank for the use or the forbearance of the Obligations represented by the Notes exceed the maximum permissible under applicable law. As used herein, the term "applicable law" shall mean the law in effect as of the date hereof; provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Agreement and the Notes shall be governed by such new law as of its effective date. In this regard, it is expressly agreed that it is the intent of the Borrowers and the Bank in the execution, delivery and acceptance of this Agreement and the Notes to contract in strict compliance with the laws of the Commonwealth of Massachusetts from time to time in effect. If, under any circumstances whatsoever, performance or fulfillment of any provision of the Notes or any of the other Loan Documents at the time such provision is to be performed or fulfilled shall involve exceeding the limit of validity prescribed by applicable law, then the obligation so to be performed or fulfilled shall be reduced automatically to the limits of such validity, and if under any circumstances whatsoever the Bank should ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal balance evidenced by the Notes and not to the payment of interest. The provisions of this Section 8.6 shall control every other provision of this Agreement and of the Notes.

- 22 -

8.7 GOVERNING LAW. This Agreement, the Notes and the other Loan Documents shall be deemed to be contracts made under seal and shall be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts (without giving effect to any conflicts of laws provisions contained therein).

8.8 ENTIRE AGREEMENTS; AMENDMENTS. This Agreement is intended by the

parties as the final, complete and exclusive statement of the transactions evidenced by this Agreement. All prior or contemporaneous promises, agreements and understandings, whether oral or written, are deemed to be superceded by this Agreement and no party is relying on any promise, agreement or understanding not set forth in this Agreement. Neither this Agreement nor the Notes nor any other Loan Document nor any provision hereof or thereof may be amended or waived except by a written instrument signed by the Bank and, in the case of amendments, by the Bank and the other parties named thereto.

8.9 BINDING EFFECT OF AGREEMENT; ASSIGNMENTS.

(a) This Agreement shall be binding upon and inure to the benefit of the Borrowers and the Bank and their respective successors and assigns; provided that neither Borrower may assign or transfer its rights or obligations hereunder.

(b) The Bank may assign its rights and interests under this Agreement, the Notes and the other Loan Documents and delegate its obligations hereunder and thereunder, in whole or in part; provided that in connection with any such assignment, the assignee shall assume such rights, interests and obligations in writing.

(c) The Bank may at any time pledge all or any portion of its rights under any Loan Document (including any portion of the Notes) to any of the 12 Federal Reserve Banks organized under Section 4 of the Federal Reserve Act, 12 U.S.C. Section 341. No such pledge or the enforcement thereof shall release the Bank from its obligations under any of the Loan Documents.

(d) The Bank shall have the unrestricted right at any time and from time to time, and without the consent of or notice to the Borrowers to grant to one or more banks or other financial institutions (each, a "Participant") participating interests in the Bank's obligation to lend hereunder and/or any or all of the Obligations. In the event of any such grant by the Bank of a participating interest to a Participant, whether or not upon notice to the Borrowers, the Bank shall remain responsible for the performance of its obligations hereunder and the Borrowers shall continue to deal solely and directly with the Bank in connection with its rights and obligations hereunder. Each of the Borrowers authorizes the Bank to disclose to any participant or assignee any prospective participant or assignee any and all information in the Bank's possession concerning the Borrowers which has been delivered to the Bank by or on behalf of the Borrowers pursuant to this Agreement or which has been delivered to the Bank by or on behalf of the Borrowers in connection with the Bank's credit evaluation prior to becoming a party to this Agreement.

- 23 -

8.10 COUNTERPARTS, ETC. This Agreement may be signed in any number of counterparts with the same effect as if the signatures hereto and thereto were upon the same instrument. The invalidity or unenforceability of any one or more phrases, clauses or sections of this Agreement shall not affect the validity or enforceability of the remaining portions hereof. The captions and headings of the various sections and subsections of this Agreement are provided for convenience only and shall not be construed to modify the meaning of such sections or subsections.

8.11 WAIVER OF JURY TRIAL. THE BORROWERS AND THE BANK MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTES OR ANY OTHER LOAN DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HERewith OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY, INCLUDING, WITHOUT LIMITATION, ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS OR ACTIONS OF THE BANK RELATING TO THE ADMINISTRATION OF THE LOANS OR ENFORCEMENT OF THE LOAN DOCUMENTS, AND AGREE THAT NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. EXCEPT AS PROHIBITED BY LAW, EACH BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE

OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. EACH BORROWER CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE BANK HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR THE BANK TO ENTER INTO THIS AGREEMENT, ACCEPT THE NOTES AND MAKE THE LOANS.

8.12 CONSENT TO JURISDICTION. EACH OF THE BORROWERS HEREBY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE COMMONWEALTH OF MASSACHUSETTS AND THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS, AS WELL AS TO THE JURISDICTION OF ALL COURTS FROM WHICH AN APPEAL MAY BE TAKEN OR OTHER REVIEW SOUGHT FROM THE AFORESAID COURTS, FOR THE PURPOSE OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF EITHER BORROWER'S OBLIGATIONS UNDER OR WITH RESPECT TO ANY LOAN DOCUMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR ANY OTHER OBLIGATION TO BANK, AND EXPRESSLY WAIVES ANY AND ALL OBJECTIONS IT MAY HAVE AS TO VENUE IN ANY OF SUCH COURTS.

8.13 INDEMNIFICATION; JOINT AND SEVERAL LIABILITY. Each of the Borrowers will indemnify and hold the Bank harmless against any and all claims, demands, suits, actions, causes of action, damages, losses, settlement payments, obligations, costs, expenses and all other liabilities whatsoever which shall at any time or times be incurred or sustained by the Bank or by

- 24 -

any of its shareholders, directors, officers, employees, subsidiaries, affiliates or agents (except any of the foregoing incurred or sustained as a result of the gross negligence or willful misconduct of the Bank) on account of, or in relation to, or in any way in connection with, any of the arrangements or transactions contemplated by, associated with or ancillary to any of the Obligations. All of the obligations of the Borrowers under any and all of the Loan Documents are and shall be joint and several.

* THE NEXT PAGE IS THE SIGNATURE PAGE *

- 25 -

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed under seal by their duly authorized officers as of the day and year first above written.

THE BOSTON BEER COMPANY, INC.

By: _____
Name: _____
Title: _____

BOSTON BEER CORPORATION

By: _____
Name: _____
Title: _____

FLEET NATIONAL BANK

By:

Thomas F. Brennan, Senior Vice President

[SIGNATURE PAGE TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

SCHEDULE A

GENERAL DEFINED TERMS

As used herein, the following terms shall have the following meanings and any undefined accounting terms shall be defined in accordance with generally accepted accounting principles on a basis consistent with (a) that used in prior periods and (b) that used in preparing the audited financial statements referred to in Sections 3.5 and 4.1(a):

ACQUISITION LOANS: See Section 1.11.

AFFILIATE: As applied to any Company, any member, trustee, director, officer, manager or employee, any corporation, association, partnership, firm or other entity in which such Company is a partner, shareholder (except any holder of not more than 5% of the outstanding stock of any company listed on a national securities exchange or actively traded on the over-the-counter securities market), warrant holder, option holder, member, director or officer, and any other person or entity directly or indirectly controlling, controlled by, or under common control with, such Company.

ALTERNATIVE PRIME RATE: The higher of (i) the Prime Rate and (ii) the Federal Funds Rate plus 1/2 of 1% per annum (rounded upwards, if necessary, to the next 1/8 of 1%). The Alternative Prime Rate is not necessarily intended to be the lowest rate of interest determined by the Bank in connection with extensions of credit. Changes in the rate of interest resulting from changes in the Alternative Prime Rate shall take place immediately without notice or demand of any kind.

BANK: See Preamble.

BORROWER AND BORROWERS: See Preamble.

BUSINESS DAY: (i) For all purposes other than as covered by clause (ii) below, any day other than a Saturday, Sunday or a day which shall be, in the Commonwealth of Massachusetts, a legal holiday or day on which banking institutions are required or authorized to close business; and (ii) if the applicable day relates to a LIBOR Loan or an interest period for a LIBOR Loan, the day on which dealings in Dollar deposits are also carried on in the London interbank market and banks are open for business in London.

CLEAN-UP WORK: All activities, including, without limitation, cleanup design and implementation, removal activities, investigation, field and laboratory testing and analysis, monitoring and other remedial and response actions, taken or to be taken, arising out of or in connection with Hazardous Materials, including without limitation (a) all activities included within the meaning of the terms "removal," "remedial action" or "response", as defined in 42 U.S.C. Section 9601(23), (24) and (25), and (b) all activities included within the meaning of

the terms "remedial response actions" and "Remedial Response Implementation Plan (RRIP)," as defined in 310 CMR 40.

CODE: The Internal Revenue Code of 1986 and the rules and regulations thereunder, as may be supplemented or amended from time to time.

COMMITMENT: See Section 1.1.

COMMONLY CONTROLLED ENTITY: See Section 3.13.

COMPANIES. See Section 1.11.

DEFAULT: An Event of Default or event or condition that, but for the requirement that time elapse or notice be given, or both, would constitute an Event of Default.

EBITDA: See Section 5.2(a).

EMPLOYEE BENEFIT PLAN: See Section 3.13.

ENCUMBRANCE: See Section 6.2.

ERISA: The Employee Retirement Income Security Act of 1974 and the rules and regulations thereunder, as supplemented or amended from time to time.

ENVIRONMENTAL LAWS: The Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Emergency Planning and Community Right-to-Know Act of 1986, as amended, the Resources Conservation and Recovery Act of 1976, as amended, and any applicable statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, and similar items of all governmental authorities and all applicable judicial, administrative and regulatory decrees, judgments and orders, any of which relate to the protection of human health or the environment from the effects of Hazardous Substances, including, but not limited to, those pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of Hazardous Substances into the air, surface water, groundwater or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances.

EVENT OF DEFAULT: Any event described in Section 7.1.

EXPENSES: Any and all present and future expenses incurred by or on behalf of the Bank in connection with this Agreement or any of the other Loan Documents or in connection with the Bank's exercise, preservation or enforcement of any of its rights, remedies or options hereunder or thereunder, whether incurred heretofore or hereafter, which expenses shall include, without being limited to, (a) the cost of record searches, fees of outside legal counsel or the allocated costs of in-house legal counsel (for regulation, preparation, execution and delivery of the Loan

- 2 -

Documents and amendments and waivers thereto and enforcement and collection and bankruptcy services with respect thereto), disbursements and expenses, all costs and expenses incurred by the Bank in connection with the administration of the Loans, including without limitation opening bank accounts, depositing checks, receiving and transferring funds, and any charges due to "insufficient funds" of deposited checks and the Bank's standard fee relating thereto, the fees payable to the collateral examination staff of the Bank, fees and expenses of accountants, appraisers, financial advisors or other experts or advisors retained by the Bank, fees and taxes relative to the filing of financing statements, costs of preparing and recording the Loan Documents and all other expenses, costs and fees contemplated by this Agreement.

EXPIRATION DATE: See Section 1.1.

FEDERAL FUNDS RATE: For any day, a fluctuating interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Bank

from three Federal funds brokers of recognized standing selected by the Bank.

GOVERNMENTAL AUTHORITY: Any nation or government, or any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

HAZARDOUS MATERIAL: Any material or substance (a) which, whether by its nature or use, is now or hereafter defined as a hazardous waste, hazardous substance, hazardous material, pollutant or contaminant under any Environmental Law, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. Section 9601(14) and (33), the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. Section 6903(5), and the Massachusetts Oil and Hazardous Material Chapter 21E, Section 2, (b) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous to human health or the environment, (c) which is or contains petroleum or any fraction thereof, including crude oil, heating oil, gasoline or diesel fuel, or (d) the presence of which requires investigation or remediation under any Environmental Law.

INDEBTEDNESS: (a) All obligations for borrowed money or other extensions of credit whether or not secured or unsecured, absolute or contingent, including, without limitation, unmatured reimbursement obligations with respect to letters of credit, bankers acceptance, surety bonds and other financial guaranties issued for the account of or on behalf of either Borrower and all obligations representing the deferred purchase price of assets, services or securities (including related noncompetition, consulting and stock repurchase obligations), other than trade accounts payable and accrued expenses arising in the ordinary course of business, (b) all obligations evidenced by bonds, notes, debentures or other similar instruments, (c) all obligations in respect

- 3 -

of mandatory redemption or cash dividend rights on equity interests, (d) all obligations secured by any mortgage, pledge, security interest or other lien on property owned or acquired by either Borrower whether or not the obligations secured thereby shall have been assumed, (d) all obligations arising under capital leases, and (e) all obligations relating to securitization transactions and synthetic lease and sale-leaseback transactions. Indebtedness of any Person shall include any Indebtedness of any partnership in which such Person is a general partner, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor.

INTEREST EXPENSE: See Section 5.2(c).

INVESTMENT: As applied to the Borrowers, the purchase or acquisition of any share of capital stock, partnership interest, evidence of indebtedness or other equity security or all or substantially all of the assets of any other person or entity, any loan, advance or extension of credit to, or contribution to the capital of, any other person or entity, any real estate held for sale or investment, any commodities futures contracts held other than in connection with bona fide hedging transactions, any other investment in any other person or entity, and the making of any commitment or acquisition of any option to make an Investment.

LIBOR RATE: See SCHEDULE B.

LIBOR LOAN: Any Loan bearing interest at a rate determined with reference to the LIBOR Rate.

LIBOR PERIOD: See SCHEDULE B.

LIBOR TERMS: See Section 1.3 and SCHEDULE B.

LOAN DOCUMENTS: See Section 3.2.

LOANS: See Section 1.1.

MATERIAL SUBSIDIARY: At any date of determination, any Subsidiary (i) whose total assets at the last day of the most recently ended fiscal quarter have a market value equal to or greater than 5% of the consolidated total assets of the Companies at such date, determined in accordance with generally accepted accounting principles, (ii) whose Tangible Net Worth at the last day of the most recently ended fiscal quarter is equal to or greater than 5% of Tangible Net Worth at such date, or (iii) whose gross revenues with respect to the most recently ended four-quarter period are equal to or greater than 5% of the consolidated gross revenues of the Companies for such four-quarter period. The Material Subsidiaries as of the date of this Agreement are designated as such on EXHIBIT 3.15.

MULTIEMPLOYER PLAN: See Section 3.13.

NET EQUITY PROCEEDS: See Section 5.2(d).

- 4 -

NET INCOME: See Section 5.2(e).

NOTES: See Section 1.2.

NOTICE OF BORROWING OR CONVERSION: See Section 1.4.

NOTICE OF NEW SUBSIDIARY. See Section 6.4.

OBLIGATIONS: Any and all existing and future obligations now or hereafter owed by the Borrowers to the Bank, whether direct or indirect, contingent or due or to become due.

ORGANIZATIONAL DOCUMENTS: (a) With respect to any corporation, its certificate or articles of incorporation and by-laws, (b) with respect to any partnership, its partnership certificate and partnership agreement, (c) with respect to any limited liability company, its certificate of formation and operating agreement or other comparable agreement and (d) with respect to any other entity, the documents pursuant to which such entity was formed and organized.

ORIGINAL FACILITIES: See Recitals.

ORIGINAL REVOLVING NOTE: See Recitals.

PARTICIPANT: See Section 8.9.

PARTNERSHIP: See Recitals.

PARTNERSHIP TRANSFER: See Recitals.

PBGC: The Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA. ----

PERMITTED ACQUISITIONS: Any acquisition of stock or assets by a Borrower or a Subsidiary of a Borrower which has met the following conditions: (a) the aggregate amount of proceeds of the Loans used in all such acquisitions since the date of this Agreement shall not exceed \$20,000,000, (b) the aggregate amount paid in cash or cash equivalents by the Companies in connection with all such acquisitions since the date of this Agreement (whether or not proceeds of the Loans) shall not exceed \$40,000,000, (c) after giving effect to such acquisition, on a pro forma basis as of the most recently ended fiscal quarter, the Borrowers shall be in full compliance with all of their obligations set forth in Section 5 of this Agreement, (d) if such acquisition is a stock acquisition and the acquired company or companies is not simultaneously being merged into an acquiring Borrower or Material Subsidiary and is or becomes a Material Subsidiary, such acquired company or companies shall prior to or upon

becoming a Material Subsidiary execute an unlimited guaranty in form satisfactory to the Bank, guaranteeing all existing and future obligation of the Borrowers to the Bank to assure compliance

- 5 -

with Section 1.12, (e) prior notice of such acquisition shall have been delivered to the Bank, describing the terms of such acquisition, including the purchase price thereof, and whether the acquired company or companies are or are intended to become Material Subsidiaries, and (f) no Default shall exist hereunder or result from such acquisition.

PERMITTED ENCUMBRANCES: see Section 6.2.

PERMITTED INVESTMENTS: As applied to any Company, investments (i) in notes, bonds or other obligations of the United States of America or any agency thereof that as to principal and interest constitute direct obligations of or are guaranteed by the United States of America; (ii) in certificates of deposit or other deposit instruments or accounts of the Bank or any other banks or trust companies organized under the laws of the United States or any state thereof that have capital and surplus of at least \$500,000,000; (iii) in mutual funds investing only in commercial paper that is rated not less than P-2 or A-2 or their equivalents by Moody's Investors Service, Inc. or Standard & Poor's Ratings Services, respectively, or their successors; (iv) up to \$7,500,000 in the aggregate in connection with Permitted Acquisitions after the date of this Agreement, (v) the investments of the Holding Company in its existing Subsidiaries, and (vi) advances to employees for the purchase of stock options not to exceed \$1,000,000 outstanding at any time in the case of any one employee and not to exceed \$2,000,000 outstanding at any time in the aggregate to all employees of the Companies.

PHASE 1 STOCK REPURCHASE: See Section 6.7.

PHASE 2 STOCK REPURCHASE: See Section 6.7.

PRIME RATE: The variable per annum rate of interest so designated from time to time by the Bank as its prime rate. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate being charged to any customer.

PRIME RATE LOAN: Any Loan bearing interest determined with reference to the Prime Rate.

REVOLVING CREDIT PERIOD: The period from the date hereof through and including the Expiration Date or such earlier date or dates as of which the Commitment expires or is terminated.

RESTRUCTURING: See Recitals.

SEC: The Securities and Exchange Commission and any successor agency thereof.

SUBSIDIARIES: (a) Any corporation, association, limited liability company, joint stock company, business trust or other similar organization of which 50% or more of the ordinary voting power for the election of a majority of the members of the board of directors or other governing body of such entity is held or controlled by any Subsidiary of either Borrower; (b) any other such organization the management of which is directly or indirectly controlled by any

- 6 -

Subsidiary of either Borrower through the exercise of voting power or otherwise; or (c) any joint venture, association, partnership or other entity in which any Subsidiary of either Borrower has at least a 50% equity interest, directly or indirectly.

SUBSIDIARY GUARANTY: See Section 1.12.

TANGIBLE NET WORTH: See Section 5.2(f).

TEST QUARTER. See Section 5.1(a).

TOTAL LIABILITIES: See Section 5.2(h).

- 7 -

SCHEDULE B

LIBOR TERMS

A. DEFINITIONS.

As used in this SCHEDULE A, the following terms have the following meanings:

LIBOR PERIOD: With respect to each LIBOR Loan, the period commencing on the date such Loan is made or converted from a Prime Rate Loan, or the last day of the immediately preceding LIBOR Period, as to LIBOR Loans being continued as such, and ending one month, two months or three months thereafter, as the Borrowers may elect in the applicable Notice of Borrowing or Conversion; provided that:

(i) any LIBOR Period (other than a LIBOR Period determined pursuant to clause (iv) below) that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in the next calendar month, in which case such Interest Period shall end on the immediately preceding Business Day;

(ii) if the Borrowers shall fail to give notice as provided in Section 1.4, the Borrowers shall be deemed to have requested a conversion of the affected LIBOR Loan to a Prime Rate Loan on the last day of the then current LIBOR Period with respect thereto;

(iii) any LIBOR Period relating to a LIBOR Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (iv) below, end on the last Business Day of a calendar month;

(iv) no LIBOR Period may end after the Expiration Date;

(v) no LIBOR Period shall include a principal repayment date for the Loans unless an aggregate principal amount of Loans at least equal to the principal amount due on such principal repayment date shall be Prime Rate Loans or LIBOR Loans having LIBOR Periods ending on or before such date; and

(vi) notwithstanding clauses (iv) and (v) above, no LIBOR Period shall have a duration of less than one month.

LIBOR RATE: With respect to any LIBOR Loan, the rate per annum as determined on the basis of the offered rates for deposits in U.S. Dollars, for a period of time comparable to the LIBOR Period for such LIBOR Loan which appears on the Telerate page 3750 as of 11:00 a.m. London time on the day that is two Business Days preceding the first day of

such LIBOR Period; provided, however, if the rate described above does not appear on the Telerate System on any applicable interest determination date, the LIBOR Rate shall be the rate (rounded upward,

if necessary, to the nearest one hundred-thousandth of a percentage point), determined on the basis of the offered rates for deposits in U.S. dollars for a period of time comparable to such LIBOR Period which are offered by four major banks in the London interbank market at approximately 11:00 a.m. London time, on the day that is two Business Days preceding the first day of such LIBOR Period as selected by the Bank. The principal London office of each of the four major London banks will be requested to provide a quotation of its U.S. Dollar deposit offered rate. If at least two such quotations are provided, the rate for that date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for that date will be determined on the basis of the rates quoted for loans in U.S. dollars to leading European banks for a period of time comparable to such LIBOR Period offered by major banks in New York City at approximately 11:00 a.m. New York City time, on the day that is two Business Days preceding the first day of such LIBOR Loan. In the event that the Bank is unable to obtain any such quotation as provided above, it will be deemed that LIBOR Rate for such LIBOR Loan cannot be determined. In the event that the Board of Governors of the Federal Reserve System shall impose a Reserve Percentage with respect to LIBOR deposits of the Bank, then for any period during which such Reserve Percentage shall apply, the LIBOR Rate shall be equal to the amount determined above divided by an amount equal to 1 minus the Reserve Percentage.

REGULATORY CHANGE: Any change after the date of this Agreement in United States federal, state or foreign law or regulation (including without limitation Regulation D), including without limitation the issuance of any final regulations or guidelines, or the adoption or making after such date of any interpretation, directive or request applying to a class of banks including the Bank or under any United States federal, state or foreign law or regulations (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) by any court or governmental or monetary authority charged with the interpretation thereof.

REGULATION D: Regulation D of the Board of Governors of the Federal Reserve System, as the same may be amended or supplemented from time to time.

RESERVE PERCENTAGE: The maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed on member banks of the Federal Reserve System against "Euro-currency Liabilities", as defined in Regulation D."

B. GENERAL TERMS.

1. LIBOR LOANS. Each LIBOR Loan shall bear interest on the outstanding principal amount thereof, for each LIBOR Period applicable thereto, at a rate as set forth in Section 1.3. Such interest shall be payable for such LIBOR Period on the last day thereof and when such LIBOR Loan is due (whether at maturity, by reason of acceleration or otherwise) and,

- 2 -

if such LIBOR Period is longer than three months, at intervals of three months after the first day thereof. There shall be no more than five LIBOR Loans outstanding at any time.

2. REQUIREMENTS OF LAW.

(a) In the event that any Regulatory Change shall:

(i) subject the Bank to any tax of any kind whatsoever with respect to this Agreement, either Note or any Loans made by it, or change the basis of taxation in respect thereof (other than taxes imposed on the overall net income of the Bank);

(ii) impose or modify any reserve, compulsory loan assessment, special deposit or similar requirement relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, any office of the Bank (including any of such LIBOR Loans or any deposits referred to in the definition of "LIBOR Rate"); or

(iii) impose any other conditions affecting this Agreement (or any of such extensions of credit, assets, deposits or liabilities);

and the result of any of the foregoing shall be to increase the Bank's costs of making or maintaining any LIBOR Loans, or the Commitment, or to reduce any amount receivable by the Bank hereunder in respect of any of its LIBOR Loans or the Commitment, in each case only to the extent that such additional amounts are not included in the LIBOR Rate applicable thereto, then the Borrowers shall pay to the Bank, within 15 days after its demand therefor, such additional amounts as shall be sufficient to compensate the Bank for such increased costs or reduced amount receivable.

3. LIMITATIONS ON LIBOR LOANS; ILLEGALITY.

(a) Anything herein to the contrary notwithstanding, if, on or prior to the determination of an interest rate for any LIBOR Loans for any applicable LIBOR Period, the Bank shall determine (which determination shall be conclusive absent manifest error) that:

(i) by reason of any event affecting United States money markets or the London interbank market, quotations of interest rates for the relevant deposits are not being provided in the relevant amounts or for the relevant maturities for purposes of determining the rate of interest for such Loans under this Agreement; or

(ii) the rates of interest referred to in the definition of "LIBOR Rate", on the basis of which the rate of interest on any LIBOR Loans for such period is determined, do not accurately reflect the cost to the Bank of making or maintaining such LIBOR Loans for such period;

then the Bank shall give the Borrowers prompt notice thereof (and shall thereafter give the Borrowers prompt notice of the cessation, if any, of such condition), and so long as such

- 3 -

condition remains in effect, the Bank shall be under no obligation to make LIBOR Loans or to convert Prime Rate Loans into LIBOR Loans and the Borrowers shall, on the last day(s) of the then current LIBOR Period(s) for any outstanding LIBOR Loans, either prepay such LIBOR Loans in accordance with Section 4 of this SCHEDULE B or convert such Loans into Prime Rate Loans in accordance with Section 1.4.

(b) Notwithstanding any other provision herein, if any Regulatory Change shall make it unlawful for the Bank to make or maintain LIBOR Loans as contemplated by this Agreement, (i) the Bank's commitment hereunder to make LIBOR Loans, continue LIBOR Loans as such and convert Prime Rate Loans to LIBOR Loans shall thereupon terminate and (ii) the Loans then outstanding as LIBOR Loans, if any, shall be converted automatically to Prime Rate Loans on the respective last days of the then current LIBOR Periods with respect to such Loans or within such earlier period as required by law. If any such conversion of a LIBOR Loan occurs on a day which is not the last day of the then current LIBOR Period with respect thereto, the Borrowers shall pay to such Bank such amounts, if any, as may be required pursuant to Section 4 of this SCHEDULE B.

4. PAYMENTS BEFORE END OF LIBOR PERIOD, ETC.

The Borrowers shall pay to the Bank, upon request of the Bank, such amount or amounts as shall be sufficient (in the reasonable opinion of the Bank) to compensate it for any loss (including loss of profit), cost, or expense

incurred as a result of:

(a) any payment or conversion of a LIBOR Loan on a date other than the last day of the LIBOR Period for such Loan;

(b) any failure by the Borrowers to borrow, convert a Prime Rate Loan into or continue a LIBOR Loan on the date specified by the Borrowers' written notice;

(c) any failure by the Borrowers to pay a LIBOR Loan on the date for payment specified in the Borrowers' written notice.

Without limiting the foregoing, the Borrowers shall pay to the Bank a "yield maintenance fee" in connection with the prepayment of any LIBOR Loan in an amount computed as follows: The current rate for United States Treasury securities (bills on a discounted basis shall be converted to a bond equivalent) with a maturity date closest to the LIBOR Period for the LIBOR Loan being prepaid shall be subtracted from the LIBOR Rate in effect at the time of prepayment. If the result is zero or a negative number, there shall be no yield maintenance fee. If the result is a positive number, then the resulting percentage shall be multiplied by the amount of the principal balance being prepaid. The resulting amount shall be divided by 360 and multiplied by the number of days remaining in such LIBOR period. Such amount shall be reduced to present value calculated by using the above referenced United States Treasury securities rate and the number of days remaining in such LIBOR Period. The resulting amount shall be the yield maintenance fee due to any Bank upon the prepayment of such LIBOR Loan. If by reason of an Event of Default, the Banks elect to declare the Notes to be immediately due and payable, then any yield maintenance

- 4 -

fee with respect to the LIBOR Loan then outstanding shall become due and payable in the same manner as though the Borrowers had elected to prepay such Loan.

- 5 -

EXHIBIT 1.2

REVOLVING CREDIT NOTE

\$45,000,000

Boston, Massachusetts
July 1, 2002

FOR VALUE RECEIVED, THE BOSTON BEER COMPANY, INC. and BOSTON BEER CORPORATION, each a Massachusetts corporation (the "Borrowers"), hereby jointly and severally promise to pay to FLEET NATIONAL BANK (the "Bank"), or order, the principal amount of \$45,000,000, or, if less, the aggregate unpaid principal amount of Loans hereunder made by the Bank to the Borrowers under the Second Amended and Restated Credit Agreement of even date herewith by and among the Borrowers and the Bank (as amended or extended from time to time, the "Loan Agreement"), together with interest thereon at the rate provided in the Loan Agreement, payable on the dates and in such amounts as specified in the Loan Agreement, and at the final maturity of this Note, whether by payment or prepayment, acceleration or otherwise, without set-off, deduction or counterclaim. The principal amount hereof may be advanced, repaid and readvanced in accordance with the terms of the Loan Agreement.

Overdue principal (whether on the due date of a Loan, by reason of acceleration or otherwise) and, to the extent permitted by applicable law, overdue interest and fees or any other amounts payable under the Loan Agreement (including without limitation overadvances) due to the Borrowers' failure to pay the same in full shall bear interest from and including the due date thereof

until paid, at a rate per annum equal to 4% above the rate then applicable to Prime Rate Loans, which interest shall be compounded daily and payable on demand. In addition, if the entire amount of any required principal and/or interest is not paid in full within ten days after the same is due, the Borrowers shall pay to the Bank a late fee equal to 5% of the required payment.

The outstanding principal amount of this Note and accrued and unpaid interest thereon shall be due and payable as provided in the Loan Agreement. The Borrowers have the right in certain circumstances to prepay this Note in whole or in part subject to the terms and conditions provided in the Loan Agreement.

All payments under this Note shall be made at the head office of the Bank at 100 Federal Street, Boston, Massachusetts 02110 (or at such other place as the Bank may designate to the Borrowers from time to time in writing) in lawful money of the United States of America in federal or other immediately available funds.

This Note is one of the "Notes" referred to in and is entitled to the benefits of the Loan Agreement (including the Schedules thereto) and all other instruments evidencing and/or securing the indebtedness hereunder, which Loan Agreement and other instruments are hereby made part of this Note and are deemed incorporated herein in full; but neither this reference to

the Loan Agreement nor any provision thereof shall affect or impair the absolute and unconditional obligation of the Borrowers to pay the principal of and interest on this Note as herein provided. The occurrence or existence of an "Event of Default" as defined in the Loan Agreement shall constitute a default under this Note and shall entitle the Bank to accelerate the entire indebtedness hereunder and to take such other action as may be provided for in the Loan Agreement or any other instrument or agreement evidencing and/or securing this Note.

The Borrowers hereby waives presentment, demand, notice of dishonor, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note.

All agreements between one or both of the Borrowers (on the one hand) and the Bank (on the other hand) are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of this Note or otherwise, shall the amount paid or agreed to be paid to the Bank for the use or the forbearance of the Obligations represented by this Note exceed the maximum permissible under applicable law. As used herein, the term "applicable law" shall mean the law in effect as of the date hereof; provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Note shall be governed by such new law as of its effective date. In this regard, it is expressly agreed that it is the intent of the Borrowers and the Bank in the execution, delivery and acceptance of this Note to contract in strict compliance with the laws of the Commonwealth of Massachusetts from time to time in effect. If, under any circumstances whatsoever, performance or fulfillment of any provision of this Note or any of the other Loan Documents at the time such provision is to be performed or fulfilled shall involve exceeding the limit of validity prescribed by applicable law, then the obligation so to be performed or fulfilled shall be reduced automatically to the limits of such validity, and if under any circumstances whatsoever the Bank should ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal balance evidenced by this Note and not to the payment of interest.

If this Note shall not be paid when due and shall be placed by the holder hereof in the hands of any attorney for collection, through legal proceedings or otherwise, the Borrowers will pay reasonable attorneys' fees to the holder hereof together with reasonable costs and expenses of collection, including, without limitation, any such reasonable attorneys' fees, costs and expenses relating to any proceedings with respect to the bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of either of the Borrowers or any party to any instrument or agreement securing this Note, all as provided in the Loan Agreement.

EACH BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED ON THIS NOTE OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE OR ANY RELATED DOCUMENTS OR OUT OF ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE BANK RELATING TO THE ADMINISTRATION OF THE LOANS OR ENFORCEMENT OF THE RELATED LOAN DOCUMENTS, AND AGREES THAT

- 2 -

SUCH BORROWER WILL NOT SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. EXCEPT AS PROHIBITED BY LAW, EACH BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. EACH BORROWER CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE BANK HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR THE BANK TO ACCEPT THIS NOTE AND TO MAKE LOANS AS CONTEMPLATED IN THE LOAN AGREEMENT.

- 3 -

This instrument shall have the effect of an instrument executed under seal and shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts (without giving effect to any conflicts of laws provisions contained therein).

THE BOSTON BEER COMPANY, INC.

By: _____
Name: _____
Title: _____

BOSTON BEER CORPORATION

By: _____
Name: _____
Title: _____

[SIGNATURE PAGE TO REVOLVING CREDIT NOTE]

EXHIBIT 1.4

NOTICE OF BORROWING OR CONVERSION

Fleet National Bank
100 Federal Street
Boston, Massachusetts 02110
Attention: Thomas F. Brennan, Senior Vice President

Date: _____

Re: Second Amended and Restated Credit Agreement dated as of July 1, 2002

(as amended from time to time, the "Agreement") between Fleet National Bank, as the "Bank", and The Boston Beer Company, Inc. and Boston Beer Corporation (collectively, the "Borrowers")

Dear Mr. Brennan:

Please accept this notice as the election of the Borrowers as follows [each Loan must be in the amount of \$100,000 or an integral multiple thereof]:

---- A new Loan request in the principal amount of \$ _____ to be borrowed as a [Prime Rate Loan/LIBOR Loan]. [Such LIBOR Rate option is selected for a term of:

----- one month

----- two months

----- three months from the date the Loan is funded.]

Conversion or continuation of a portion of the outstanding Loans in the principal amount of \$ _____ from a [Prime Rate Loan/LIBOR Loan] to a [Prime Rate Loan/LIBOR Loan]. [Such LIBOR Rate option is selected for a term of:

----- one month

----- two months

----- three months from the date of such conversion or continuation.]

This Notice of Borrowing or Conversion is issued in accordance with the provisions of Section 1.4 of the Loan Agreement and of the LIBOR Terms and is subject to all other terms and conditions of the Loan Agreement.

The representations and warranties contained in the Agreement are true and accurate on and as of the effective date of such advance, conversion or continuation as though made at and as of such date (except to the extent that such representations and warranties expressly relate to an earlier date); and no Default has occurred and is continuing or will result from such advance,

conversion or continuance. The undersigned represents and warrants that he is authorized to execute and deliver this Notice on behalf of the Borrowers.

THE BOSTON BEER COMPANY, INC.
and BOSTON BEER CORPORATION

By:

Duly authorized signatory as to both

EXHIBIT 2.1

\$45,000,000 REVOLVING CREDIT FINANCING

OF

THE BOSTON BEER COMPANY, INC.

AND

BOSTON BEER CORPORATION

BY

FLEET NATIONAL BANK

JULY 1, 2002

AGENDA OF CLOSING

		Responsible Counsel -----
1.	Second Amended and Restated Credit Agreement between the Bank and the Borrowers	Agreement: E&A Disclosure Exhibits: HWD
2.	\$45,000,000 Revolving Credit Note	E&A
3.	Guaranties of all Material Subsidiaries (see Annex 1)	E&A
4.	Certificate of Insurance	HWD
5.	Officer's Certificate certifying as to (and attaching) the Holding Company's (a) corporate charter, (b) by-laws, (c) directors' votes authorizing all transactions contemplated by the Loan Documents, and certifying as to the incumbency of the officers signing on behalf of the Holding Company	HWD
6.	Officer's Certificate certifying as to (and attaching) the Principal Operating Company's (a) corporate charter, (b) bylaws and (c) directors' votes authorizing all transactions contemplated by the Loan Documents; and certifying as to the incumbency of the officers signing on behalf of the Principal Operating Company	HWD
7.	Officer's Certificates certifying as to (and attaching) each Material Subsidiary's (a) corporate charter or declaration of trust, as applicable, (b) bylaws, and (c) director's votes authorizing all transactions contemplated by the Subsidiary Guaranties; and certifying as to the incumbency of the officers signing on behalf of such Material Subsidiary	HWD
8.	Certificates of legal existence, corporate good standing and foreign qualification of each Borrower and Material Subsidiary	HWD
9.	UCC searches against the Borrowers and each Material Subsidiary	HWD
10.	Opinion of General Counsel to the Borrowers and the Material Subsidiaries	HWD

ABBREVIATIONS

Borrowers	The Boston Beer Company, Inc. (the "Holding Company") and Boston Beer Corporation (the "Principal Operating Company")
Bank	Fleet National Bank
E&A	Edwards & Angell, LLP, special counsel to the Bank
HWD	Hutchins, Wheeler & Dittmar
Material Subsidiaries	See Annex 1

Material Subsidiaries as of July 1, 2002

Samuel Adams Brewery Company, Ltd.

Malt Holdings Business Trust

Hops Financial Holdings Business Trust

EXHIBIT 3.7

LITIGATION

None

EXHIBIT 3.14

ENVIRONMENTAL MATTERS

None.

EXHIBIT 3.15

OWNERSHIP

[BOSTON BEER COMPANY AND SUBSIDIARIES FLOW CHART]

EXHIBIT 4.1

OFFICER'S COMPLIANCE CERTIFICATE FOR PERIOD ENDED []

THE BOSTON BEER COMPANY, INC. and BOSTON BEER CORPORATION (together, the "Borrowers") HEREBY JOINTLY AND SEVERALLY CERTIFY that:

This Report is furnished pursuant to Section 4.1(c) of the Second Amended and Restated Credit Agreement dated as of July 1, 2002 by and among the Borrowers and Fleet National Bank, as amended from time to time (the "Agreement"). Unless otherwise defined herein, the terms used in this Report have the meanings assigned to them in the Agreement.

As required by Section 4.1[(a)] or [(b)] of the Agreement, the Borrowers' financial statements for the [year/quarter] ended , 200__ (the "Financial Statements"), prepared in accordance with generally accepted accounting principles consistently applied, accompany this Report. The Financial Statements present fairly the financial position of the Borrowers and their Subsidiaries as at the date thereof and the results of operations for the period covered thereby [(subject only to normal recurring year-end adjustments)].

Based on the Financial Statements provided with this Report, the figures set forth in SCHEDULE A hereto for determining compliance by the Borrowers with the financial covenants contained in Section 5 of the Agreement for the applicable reporting periods are true, complete and correct.

The activities of the Borrowers during the periods covered by such Financial Statements have been reviewed by the Chief Financial Officer of the Borrowers or by employees or agents under his or her immediate supervision. Based on such review, to the best knowledge and belief of the undersigned, and as of the date of this Report, the representations and warranties contained in the Agreement are true and accurate as of the date hereof (except to the extent that such representations and warranties relate to an earlier date) and no Default has occurred.*

WITNESS my hand this _____ day of _____, 200__.

THE BOSTON BEER COMPANY, INC. and
BOSTON BEER CORPORATION

By: _____

Chief Financial Officer

* If a Default has occurred as of or prior to such date, this paragraph is to be modified with an appropriate statement as to the nature thereof, the period of existence thereof and what action the Borrowers have taken, is taking, or proposes to take with respect thereto.

Schedule A to
Compliance Certificate for Period Ended []

1. MINIMUM TANGIBLE NET WORTH (Section 5.1(a))

(a)	Actual Tangible Net Worth	
(i)	Total Assets	\$ _____
(ii)	minus goodwill	\$ _____
(iii)	minus intangible items	\$ _____
(iv)	minus reserves not already deducted	\$ _____
(v)	minus write-up in book value of assets	\$ _____
(vi)	minus value of minority interests (excluding Permitted Acquisitions)	\$ _____
(vii)	minus Total Liabilities	\$ _____
	Actual Tangible Net Worth	\$ _____
(b)	Net Income	\$ _____
(c)	Net Equity Proceeds	\$ _____
(i)	Equity Proceeds	\$ _____
(ii)	minus Phase 1 Stock Repurchases	\$ _____
(iii)	minus Phase 2 Stock Repurchases (only if exclusion is approved by the Bank)	\$ _____
	Actual Net Equity Proceeds	\$ _____
(d)	Minimum Tangible Net Worth required (\$68,000,000, or prior quarter's Minimum Tangible Net Worth plus 50% positive Net Income step up in each fiscal quarter plus Net Equity Proceeds)	\$ _____

2. LEVERAGE (Section 5.1(b))

(a) Actual Ratio of Total Liabilities to Tangible Net Worth:

	(i)	Total Liabilities	\$	-----
	(ii)	Tangible Net Worth	\$	-----
	(iii)	Actual Ratio of Total Liabilities to Tangible Net Worth		_____:1.00
	(b)	Maximum Ratio of Total Liabilities to Tangible Net Worth permitted		1.00:1.00
3.		TOTAL FUNDED DEBT/EBITDA RATIO (Section 5.1(c)) (rolling four-quarter test)		
	(a)	Actual Ratio of Total Funded Debt to EBITDA:		
	(i)	Actual Total Funded Debt (as of last day of period)	\$	-----
	(ii)	EBITDA for four fiscal quarters ended []:		
	(1)	Net Income	\$	-----
	(2)	plus taxes in respect of income and profits	\$	-----
	(3)	plus Interest Expense	\$	-----
	(4)	plus depreciation, amortization and other non-cash charges	\$	-----
		EBITDA Total	\$	-----
	(iii)	Actual Ratio of Total Funded Debt to EBITDA		_____:1.00
	(b)	Maximum Ratio of Total Funded Debt to EBITDA permitted		2.50:1.00
4.		PROFITABILITY (Section 5.1(d)) (rolling four-quarter test)		
	(a)	Actual Net Income for four fiscal quarters ended []	\$	-----
	(b)	Minimum required Net Income for such period		\$1.00

-2-

SCHEDULE 6.4

NOTICE OF FORMATION OF NEW SUBSIDIARY

Fleet National Bank
100 Federal Street

Date: _____

Boston, Massachusetts 02110
Attention: Thomas F. Brennan, Senior Vice President

Re: Second Amended and Restated Credit Agreement dated as of July 1, 2002 (as amended from time to time, the "Agreement") between Fleet National Bank, as the "Bank", and The Boston Beer Company, Inc. and Boston Beer Corporation (collectively, the "Borrowers")

Dear Mr. Brennan:

The purpose of this letter is to notify the Bank that a new Subsidiary will be formed on _____, 20__ [must be at least 10 days following Bank's receipt of this notice] as follows:

1. The legal name of the new Subsidiary is _____ (the "Subsidiary").

2. The Subsidiary is a [corporation/limited partnership/limited liability company] formed or organized in the [State/Commonwealth] of _____ and is qualified to do business as a foreign entity in _____ and _____.

3. After giving effect to the formation of the Subsidiary on the date hereof, (a) the representations and warranties contained in the Agreement will be true and accurate on and as of such date as though made at and as of such date (except to the extent that such representations and warranties expressly relate to an earlier date), (b) no Default will exist and (c) no Default can reasonably be expected to result therefrom.

4. The proposed ownership structure of the Subsidiary is described below: _____.

5. As of the date the Subsidiary is formed it [will/will not] constitute a Material Subsidiary. (Please attach a detailed calculation of the Subsidiary's contribution to Tangible Net Worth for the most recently ended fiscal quarter.)

6. If a Material Subsidiary as of the date of its formation, the Subsidiary will execute and deliver a Subsidiary Guaranty, as required under Sections 1.12 and 6.4 of the Agreement.

The undersigned represents and warrants that he or she is authorized to execute and deliver this Notice on behalf of the Borrowers.

THE BOSTON BEER COMPANY, INC. and
BOSTON BEER CORPORATION

By:

Duly authorized signatory as to both

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Martin F. Roper, President and Chief Executive Officer of The Boston Beer Company, Inc. (the Company), certify that:

1. the Quarterly Report on Form 10-Q of the Company to which this certification is an exhibit for the quarter ended June 29, 2002 (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)).
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of June 29, 2002 and for the period then ended.

/s/ Martin F. Roper

Martin F. Roper
President and Chief Executive
Officer
August 13, 2002

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard P. Lindsay, Chief Financial Officer and Treasurer of The Boston Beer Company, Inc. (the Company), certify that:

1. the Quarterly Report on Form 10-Q of the Company to which this certification is an exhibit for the quarter ended June 29, 2002 (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)).
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of June 29, 2002 and for the period then ended.

/s/ Richard P. Lindsay

Richard P. Lindsay
Chief Financial Officer and
Treasurer
August 13, 2002