

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 27, 1998

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

75 ARLINGTON STREET, BOSTON, MASSACHUSETTS
(Address of principal executive offices)
02116
(Zip Code)

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

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 X No ___

Number of shares outstanding of each of the issuer's classes of common stock, as of July 31, 1998:

CLASS A COMMON STOCK, \$.01 PAR VALUE	16,385,789
CLASS B COMMON STOCK, \$.01 PAR VALUE	4,107,355
(Title of each class)	(Number of shares)

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THE BOSTON BEER COMPANY, INC.
FORM 10-Q

QUARTERLY REPORT
JUNE 27, 1998

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	June 27, 1998	December 27, 1997
	-----	-----
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 4,259	\$ 13
Short term investments	37,436	35,787
Accounts receivable, net of allowance for doubtful accounts, of \$1,172 and \$1,153 in 1998 and 1997, respectively	19,820	16,483
Inventories	14,575	13,675
Prepaid expenses	3,711	4,344
Deferred tax assets	2,266	2,266
Other current assets	1,538	1,308
	-----	-----
Total current assets	83,605	73,876
Equipment and leasehold improvements, net	30,305	28,781
Other assets	2,689	2,742
	-----	-----
Total assets	\$ 116,599	\$ 105,399
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 7,190	\$ 9,556
Accrued expenses	17,826	13,770
	-----	-----
Total current liabilities	25,016	23,326
Long-term debt, less current maturities	10,000	10,000
Long-term deferred taxes	789	789
Other long-term liabilities	2,382	-
Stockholders' Equity:		
Class A Common Stock, \$.01 par value; 22,700,000 shares authorized; 16,384,789 and 16,337,744 issued and outstanding as of June 27, 1998 and December 27, 1997, respectively	164	163
Class B Common Stock, \$.01 par value; 4,200,000 shares authorized; 4,107,355 issued and outstanding as of June 27, 1998 and December 27, 1997	41	41
Additional paid-in-capital	56,559	56,445
Unearned compensation	(324)	(423)
Unrealized loss on investments in a marketable security	-	(2,223)
Unrealized loss on forward exchange contract	(8)	(290)
Retained earnings	21,980	17,571
	-----	-----
Total stockholders' equity	78,412	71,284
	-----	-----
Total liabilities and stockholders' equity	\$ 116,599	\$ 105,399
	=====	=====

The accompanying notes are an integral part of the financial statements

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

	Three months ended		Six months ended	
	June 27, 1998	June 28, 1997	June 27, 1998	June 28, 1997
	-----	-----	-----	-----
Sales	\$53,808	\$57,158	\$105,469	\$103,957
Less excise taxes	7,278	7,320	13,690	12,264
	-----	-----	-----	-----
Net sales	46,530	49,838	91,779	91,693
Cost of sales	22,231	24,671	43,658	46,578
	-----	-----	-----	-----
Gross profit	24,299	25,167	48,121	45,115
Operating expenses:				
Advertising, promotional and selling expenses	18,393	19,829	31,934	34,387
General and administrative expenses	3,214	3,097	6,438	6,027
	-----	-----	-----	-----
Total operating expenses	21,607	22,926	38,372	40,414
	-----	-----	-----	-----
Operating income	2,692	2,241	9,749	4,701
Other income (expense):				

Interest income	486	438	951	889
Interest expense	(157)	(249)	(327)	(357)
Other income (expense), net	837	115	(1,718)	122
Total other income	1,166	304	(1,094)	654
Income before income taxes	3,858	2,545	8,655	5,355
Provision for income taxes	1,526	1,110	4,246	2,340
Net income	\$ 2,332	\$ 1,435	\$ 4,409	\$ 3,015
Earnings per share - basic	\$0.11	\$0.07	\$0.21	\$0.15
Earnings per share - diluted	\$0.11	\$0.07	\$0.21	\$0.15
Weighted average shares - basic	20,489	20,325	20,474	20,212
Weighted average shares - diluted	20,612	20,475	20,582	20,416

The accompanying notes are an integral part of the financial statements

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

	Six months ended	
	June 27, 1998	June 28, 1997
	-----	-----
Cash flows from operating activities:		
Net income	\$ 4,409	\$ 3,015
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,524	1,886
Loss on disposition of marketable security	1,435	
Bad debt expense	168	83
Amortization of unearned compensation	65	123
Changes in assets and liabilities:		
Accounts receivable	(3,505)	(5,466)
Inventory	(900)	(3,190)
Prepaid expenses	633	(2,534)
Other current assets	52	767
Other assets	53	66
Accounts payable	(2,366)	(5,172)
Accrued expenses	4,056	2,506
Other long-term liabilities	2,382	-
Net cash provided by (used in) operating activities	9,006	(7,916)
Cash flows from investing activities:		
Purchases of equipment	(4,048)	(10,012)
Proceeds from the sale of marketable security	2,851	-
Purchases of short-term investments	(3,712)	(802)
Purchases of restricted investments	-	(625)
Proceeds from maturities of restricted investments	-	609
Net cash used in investing activities	(4,909)	(10,830)
Cash flows from financing activities:		
Proceeds from exercise of management incentive options	37	602
Proceeds from sale of common stock under stock purchase plan	117	23
Repurchase of shares under employee investment and incentive share plans	(5)	-
Net borrowings under line of credit	-	13,061
Net cash provided by financing activities	149	13,686
Net increase (decrease) in cash and cash equivalents	4,246	(5,060)
Cash and cash equivalents at beginning of period	13	5,060
Cash and cash equivalents at end of period	\$ 4,259	\$ -
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ 357	\$ 295
Income taxes	1,617	4,535

The accompanying notes are an integral part of the financial statements

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

A. BASIS OF PRESENTATION:

The Boston Beer Company, Inc. (the "Company") is engaged in the business of brewing and selling beer, ale and cider products throughout the United States and select international markets. The accompanying consolidated balance sheet as of June 27, 1998 and the results of its consolidated operations and consolidated cash flows for the three and six months ended June 27, 1998 and June 28, 1997 have been prepared by the Company, without audit, in accordance with generally accepted accounting principles 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 by generally accepted accounting principles for complete financial statements 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 27, 1997. In the opinion of the management of the Company, the Company's unaudited consolidated financial position as of June 27, 1998 and the results of its consolidated operations and consolidated cash flows for the interim periods ended June 27, 1998 and June 28, 1997, 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:

At June 27, 1998 short term investments consisted exclusively of money market funds, treasury bills, treasury-backed repo's and securities backed by various agencies of the U.S. Government. At December 27, 1997, short term investments also includes a marketable equity security with a cost of \$4,286,000 and a market value of \$2,063,000. During the first quarter of 1998, the Company recorded a charge against earnings of \$2,317,000 to reflect the other than temporary decline in market value. The second quarter disposition of this security resulted in a gain of \$882,000.

The Company's money market funds, treasury bills, treasury-backed repo's and securities backed by various agencies of the U.S. Government have a cost of \$37,436,000 and \$33,724,000 at June 27, 1998 and December 27, 1997, respectively, which approximate fair value.

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 27, 1998	December 27, 1997
	-----	-----
Raw materials, principally hops	\$12,618	\$12,481
Work in process	920	511
Finished goods	1,037	683
	-----	-----

\$14,575
=====

\$13,675
=====

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

D. INCOME TAXES:

The Company's effective tax rate decreased to 39.6% for the three months ended June 27, 1998 from 43.7% for the three months ended June 28, 1997 and increased to 49.1% for the six months ended June 27, 1998 from 43.7% for the six months ended June 28, 1997. The changes in the Company's effective tax rate for both the three and six month periods were influenced primarily by the accounting for the marketable equity security described in Note B, as the Company does not expect that it will be able to fully realize the tax benefit associated with the disposition of the security. The following table reconciles the Company's federal statutory rate to the effective rate:

	Three Months Ended		Six Months	
	June 27, 1998	June 28, 1997	June 27, 1998	June 28, 1997
Statutory rate	35.0%	35.0%	35.0%	35.0%
State income tax, net of federal benefit	8.1	8.7	8.1	8.7
Permanent differences	(8.7)	-	3.7	-
Other	5.2	-	2.3	-
Effective tax rate	39.6%	43.7%	49.1%	43.7%

E. COMPREHENSIVE INCOME:

The Company adopted SFAS No. 130 "Reporting Comprehensive Income" in the first quarter of 1998. This standard requires disclosure of total nonowner changes in stockholders' equity, which is defined as net income plus direct adjustments to stockholders' equity such as foreign currency items and unrealized gains and losses on certain investments. Comprehensive income for the three months ended June 27, 1998 totaled \$2,582,000 and for the three months ended June 28, 1997 totaled \$1,849,000. For the six months ended June 27, 1998 comprehensive income totaled \$6,914,000 and for the six months ended June 28, 1997 totaled \$2,539,000.

	FOR THREE MONTHS ENDED JUNE 27, 1998		FOR THREE MONTHS ENDED JUNE 28, 1997	
	FOREIGN CURRENCY ITEMS	UNREALIZED LOSS ON SECURITY	FOREIGN CURRENCY ITEMS	UNREALIZED LOSS ON SECURITY
Beginning balance	\$(258,000)	\$ -	\$(78,000)	\$(1,223,000)
Current-period change	\$ 250,000	\$ 882,000	\$ 41,000	\$ 373,000
Plus: reclassification adjustment for capital gain realized in net income	\$ -	\$(882,000)	-	-
Ending balance	\$ (8,000)	\$ -	\$(37,000)	\$ (850,000)

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

E. COMPREHENSIVE INCOME: (Continued):

	FOR THREE MONTHS ENDED JUNE 27, 1998	FOR THREE MONTHS ENDED JUNE 28, 1997
	-----	-----
Net income	\$ 2,332,000	\$1,435,000
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	\$ 250,000	\$ 41,000
Unrealized losses on security:		
Unrealized holding gain (loss) arising during period	\$ 882,000	\$ 373,000
Plus: reclassification adjustments for capital (gains) included in net income	\$ (882,000) \$ -	\$ - \$ 373,000
Other comprehensive income	\$ 250,000	\$ 414,000
Comprehensive income	\$ 2,582,000	\$1,849,000
	=====	=====

	FOR SIX MONTHS ENDED JUNE 27, 1998		FOR SIX MONTHS ENDED JUNE 28, 1997	
	FOREIGN CURRENCY ITEMS -----	UNREALIZED LOSS ON SECURITY	FOREIGN CURRENCY ITEMS -----	UNREALIZED LOSS ON SECURITY -----
Beginning balance	\$ (290,000)	\$ (2,223,000)	\$ 31,000	\$ (442,000)
Current-period change	\$ 282,000	\$ 788,000	\$ (68,000)	\$ (408,000)
Plus: reclassification adjustment for capital gain realized in net income	\$ -	\$ 1,435,000	-	-
Ending balance	\$ (8,000)	\$ -	\$ (37,000)	\$ (850,000)
	=====	=====	=====	=====

	FOR SIX MONTHS ENDED JUNE 27, 1998		FOR SIX MONTHS ENDED JUNE 28, 1997	
	-----	-----	-----	-----
Net income	\$ 4,409,000		\$3,015,000	
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	\$ 282,000		\$ (68,000)	
Unrealized losses on security:				
Unrealized holding gain (loss) arising during period	\$ 788,000		\$ (408,000)	
Plus: reclassification adjustments for capital losses included in net income	\$1,435,000 \$ 2,223,000		\$ - \$ (408,000)	
Other comprehensive income	\$ 2,505,000		\$ (476,000)	
Comprehensive income	\$ 6,914,000		\$2,539,000	
	=====		=====	

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

F. NET INCOME PER SHARE:

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

(in thousands)

Three months ended Six months ended

	June 27, 1998	June 28, 1997	June 27, 1998	June 28, 1997
	-----	-----	-----	-----
Net income.....	\$ 2,332	\$ 1,435	\$ 4,409	\$ 3,015
	-----	-----	-----	-----
Shares used in net income per common share - basic.....	20,489	20,325	20,474	20,212
Dilutive effect on potential common shares	123	150	108	204
	-----	-----	-----	-----
Shares used in net income per common share - diluted.....	20,612	20,475	20,582	20,416
Net income per common share - basic.....	\$ 0.11	\$ 0.07	\$ 0.21	\$ 0.15
	=====	=====	=====	=====
Net income per common share - diluted.....	\$ 0.11	\$ 0.07	\$ 0.21	\$ 0.15
	=====	=====	=====	=====

THE BOSTON BEER COMPANY, INC.

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 27, 1998 as compared to the three and six-month period ended June 28, 1997. It should be read in conjunction with the "Consolidated Financial Statements" of the Company and related "Notes to the Financial Statements" included in this Form 10-Q.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 27, 1998 COMPARED TO THREE MONTHS ENDED JUNE 28, 1997

SALES. Volume decreased by 16.3% to 324,000 barrels in the three months ended June 27, 1998 from 387,000 barrels in the three months ended June 28, 1997. This decrease is mainly due to discontinued and decreased contract brewing arrangements with other companies the Company had in its Cincinnati brewery. This reduced volume accounted for approximately 53,000 barrels. Net sales decreased by 6.6% to \$46,530,000 in the three-month period ended June 27, 1998 from \$49,838,000 in the three-month period ended June 28, 1997. The decrease in net sales was attributable in part by increased spending in discounts and allowances and in part by the Company's reduced volume.

GROSS PROFIT. Gross profit decreased by 3.4% to \$24,299,000 in the three months ended June 27, 1998 from \$25,167,000 in the three months ended June 28, 1997. Offsetting the volume decline was a reduction in cost of sales to 47.8% of net sales in the three months ended June 27, 1998 from 49.5% in the three months ended June 28, 1997. This decrease is due to a favorable trend in raw material and packaging costs.

ADVERTISING, PROMOTIONAL AND SELLING. Advertising, promotional and selling expenses decreased by 7.2% to \$18,393,000 in the three months ended June 27, 1998 from \$19,829,000 in the three months ended June 28, 1997. This decrease was primarily attributable to a reduction in employee-related expenses, a reduction in POS-related expenses and a decrease in promotional spending. Partially offsetting this decrease was an increase in advertising expense. As a percentage of net sales, total advertising, promotional and selling expenses decreased to 39.5% in the three months ended June 27, 1998 from 39.8% in the three months ended June 28, 1997.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased by 3.8% to \$3,214,000 in the three months ended June 27, 1998 from \$3,097,000 in the three months ended June 28, 1997. This increase was primarily due to an increase in depreciation, which reflects an increase in leasehold improvements, legal and bad debt expense. Partially offsetting these increases were cost savings in employee and insurance related charges. As a percentage of net sales,

general and administrative expenses increased to 6.9% for the three months ended June 27, 1998 from 6.2% for the three months ended June 28, 1997.

OPERATING INCOME. Operating income increased by 20.1% to \$2,692,000 in the three months ended June 27, 1998 from \$2,241,000 in the three months ended June 28, 1997. This increase was due mainly to reduced spending in promotional and selling expenses.

OTHER INCOME (EXPENSE), NET: Other income (expense) net, was \$1,166,000 for the three months ended June 27, 1998, versus \$304,000 for the three months ended June 28, 1997. This increase is due to the adjustment in the original write down of the marketable security of \$2,317,000 which took place in the first quarter of 1998. Following the first quarter write down, the Company disposed of the security in the second quarter and recorded a gain of \$882,000.

NET INCOME. Net income increased by 62.5% to \$2,332,000 in the three months ended June 27, 1998 from \$1,435,000 in the three months ended June 28, 1997. The increase is primarily due to reductions in cost of sales, lower spending in promotional and selling expenses and the \$882,000 adjustment to offset the write down of the marketable security. Income tax expense decreased to 39.6% of pretax income or \$1,526,000 for the three months ended June 27, 1998 from 43.7% of pretax income or \$1,110,000 for the three months ended June 28, 1997. This decrease in the tax rate is caused primarily by the adjustment to the write down of the marketable security.

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THE BOSTON BEER COMPANY, INC.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

SIX MONTHS ENDED JUNE 27, 1998 COMPARED TO SIX MONTHS ENDED JUNE 28, 1997

SALES. Sales volume decreased by 5.1% to 634,000 barrels in the first six months of 1998 from 668,000 barrels in the first six months of 1997. This decrease is due to discontinued and decreased contract brewing arrangements with other companies which the Company had at its Cincinnati brewery. This reduced volume accounted for approximately 47,000 barrels. Sales of the Company's core products have increased 2.3% in the first six months of 1998, due in part to the Company's introduction of White Ale in January of 1998. Despite the loss of volume, net sales increased to \$91,779,000 in the first six months of 1998 from \$91,693,000 in the first six months of 1997, as sales of products produced by the Cincinnati brewery to others are made at prices much lower than those of the Company's core products.

GROSS PROFIT. Gross profit increased by 6.7% to \$48,121,000 in the first six months of 1998 from \$45,115,000 in the first six months of 1997. Cost of sales decreased to 47.6% of net sales in the first six months of 1998 from 50.8% of net sales in the first six months of 1997. This decrease is due to a favorable trend in raw material and packaging costs.

ADVERTISING, PROMOTIONAL AND SELLING. Advertising, promotional, and selling expenses decreased by 7.1% to \$31,934,000 in the first six months of 1998 from \$34,387,000 in the first six months of 1997. This decrease was primarily attributable to a reduction in employee-related expenses, a reduction in POS-related expenses, and a decrease in promotional spending. Partially offsetting this decrease was an increase in advertising expense. As a percentage of net sales, total advertising, promotional, and selling expenses decreased to 34.8% in the first six months of 1998 from 37.5% in the first six months of 1997.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased by 6.8% to \$6,438,000 in the first six months of 1998 from \$6,027,000 in the first six months of 1997. This increase is due mainly to the inclusion of G & A expenses of the Company's brewery in Cincinnati. The Company purchased the brewery on March 1, 1997; therefore, only four months of brewing operations are reflected in the expense for the comparable 1997 period. Also adding to the

increase in G & A are increases in depreciation and legal fees. As a percentage of net sales, general and administrative expenses increased to 7.0% in the first six months of 1998 from 6.6% in the first six months of 1997.

OPERATING INCOME. Operating income increased by 107% to \$9,749,000 in the first six months ended June 27, 1998 from \$4,701,000 in the first six months ended June 28, 1997. This increase was due to higher sales caused by the White Ale introduction, savings in cost of sales and reduced spending in promotional and selling expenses

OTHER INCOME (EXPENSE), NET: Other income (expense) net, was (\$1,094,000) in the first six months of 1998 vs. \$654,000 for the first six months of 1997. This change is due to the loss on the sale of a marketable security of \$1,435,000 offset somewhat by interest income.

NET INCOME. Net income increased by 46.2% to \$4,409,000 in the first six months of 1998 compared to \$3,015,000 in the first six months of 1997. The increase is primarily due to increased sales volume, reductions in cost of sales, lower spending in promotional and selling expenses offset by the loss on the sale of the marketable security. Income tax expense increased to 49.1% of pretax income or \$4,246,000 for the six months ended June 27, 1998 from 43.7% of pretax income or \$2,340,000 for the six months ended June 28, 1997. This increase in the tax rate is caused by the loss on the sale of the marketable security which reduced the profit before taxes for financial reporting but not for tax purposes, as the Company does not expect that it will be able to fully realize the tax benefit associated with the disposition of the security.

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THE BOSTON BEER COMPANY, INC.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

LIQUIDITY AND CAPITAL RESOURCES

During the first six months of 1998, the Company recorded net income of \$4,409,000, while net cash generated by operating activities was \$9,006,000. This \$4,597,000 difference is primarily due to the amortization of a long term deferred contract incentive an increase in accrued expenses and depreciation and the loss on the disposition of the marketable security, offset by an increase in accounts receivable and reductions in accounts payable.

During the first six months of 1998, the Company used \$4,909,000 in investing activities. This reflects the purchase of \$1,649,000 in government securities, the purchase of \$4,048,000 of fixed assets, consisting mainly of brewery and packaging equipment at the Company's Cincinnati brewery and its contract breweries, offset by the gain on the disposition of the marketable security of \$788,000.

During the first six months of 1998, the Company generated \$149,000 from financing activities, which primarily reflects proceeds from the sale of stock under the employee purchase plan.

Assuming there is no significant change in the Company's business, the Company believes that working capital of \$58,589,000 as of June 27, 1998 (of which 71.2% is in cash and equivalents and short term investments), in conjunction with existing lines of credit, should be sufficient to meet the Company's operating, capital and debt service requirements over the next few years.

YEAR 2000

Many computer systems experience problems handling dates beyond the year 1999. Therefore, some computer hardware and software will need to be modified prior to the year 2000 in order to remain functional. The Company is assessing both the internal readiness of its systems as well the compliance of its vendors for the handling of the year 2000. The Company expects to implement successfully the

systems and programming changes necessary to address year 2000 issues, and does not believe that the cost of such actions will have a material effect on the Company's results of operations or financial condition. There can be no assurance, however, that there will not be a delay in, or increased costs associated with, the implementation of such changes, and the Company's inability to implement such changes could have an adverse effect on future results of operations.

SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS

This Form 10-Q filing contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on management's current expectations and involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements.

Factors which may cause actual future results to differ from forward-looking statements include, among others, the following: changes in consumer preferences; general economic and business conditions; increasing competition in the craft-brewed and high-end beer segments; success of operating initiatives; possible future increases in operating costs; advertising and promotional efforts; changes in brand awareness; the existence or absence of adverse publicity; changes in business strategy; quality of management; availability, terms and deployment of capital; business abilities and judgment of personnel; availability of qualified personnel; labor and employee benefit costs; change in, or the failure to comply with, government regulations; and other factors.

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THE BOSTON BEER COMPANY, INC.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 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 Boston Beer Company, Inc. held its Annual Meeting of Stockholders on June 2, 1998. The following items were voted upon at that time.

"RESOLVED: That the amendment to Article IV, Section 1, of the Restated Articles of Organization and to Sections 4.1 and 4.8 of the By-Laws of the Corporation, each as amended and currently in effect, such that the number of Directors of the Corporation shall be such number as fixed annually by the Board of Directors, but not fewer than seven (7) nor more than eleven (11), consisting of not fewer than two (2) nor more than four (4) Directors elected by the holders of the Corporation's Class A Common Stock and not fewer than five (5) nor more than seven (7) Directors elected by the holders of the Corporation's Class B

Common Stock, and subject to the further requirement that no Class B Directors in excess of five (5) shall be elected unless a like number of Class A Directors is, or has previously been, elected."

The results of the vote were, as follows:

AMENDMENT TO THE BY-LAWS AND ARTICLES OF ORGANIZATION, AS AFORESAID:

FOR ---	AGAINST -----	WITHHELD -----
12,762,163	581,217	54,728

"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 1999 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	12,988,697	409,521
Robert N. Hiatt	12,988,203	410,015
James C. Kautz	12,989,636	408,582

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THE BOSTON BEER COMPANY, INC.

PART II. OTHER INFORMATION (CONTINUED)

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS (CONTINUED)

Mr. C. James Koch, as the sole holder of the Corporation's Class B Common Stock, voted on the election of five (5) Class B Directors: C. James Koch, Alfred W. Rossow, Jr., Rhonda L. Kallman, Charles Joseph Koch and John B. Wing.

"RESOLVED: That C. James Koch, Alfred W. Rossow, Jr., Rhonda L. Kallman, Charles Joseph Koch 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 1999 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
Alfred W. Rossow, Jr.	4,107,355	0
Rhonda L. Kallman	4,107,355	0
Charles Joseph Koch	4,107,355	0
John B. Wing	4,107,355	0

Mr. C. James Koch, as the sole holder of the Corporation's Class B Common Stock, voted on a proposed further amendment to the Company's Restated Articles of Organization, to increase the number of authorized shares of the Company's Class A Common Stock from 20,300,000 shares to 22,700,000 shares of Class A Common Stock.

"RESOLVED: That the Corporation's Restated Articles of Organization be, and they hereby are, amended to increase the number of authorized shares of the Corporation's Class A Common Stock, \$0.01 par value, from 20,300,000 shares to 22,700,000 shares of Class A Common Stock."

The results of the vote were, as follows:

AMENDMENT TO RESTATED ARTICLES OF ORGANIZATION TO INCREASE THE NUMBER OF SHARES OF THE CORPORATION'S CLASS A COMMON STOCK:

FOR	AGAINST	WITHHELD
---	-----	-----
4,107,355	0	0

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THE BOSTON BEER COMPANY, INC.

PART II. OTHER INFORMATION (CONTINUED)

ITEM 5. OTHER INFORMATION

In accordance with the provisions of Rule 14a-4 (c) promulgated under the Securities Exchange Act of 1934, if the company does not receive notice of a shareholder proposal to be raised at its 1999 Annual Meeting on or before February 26, 1999, then in such event, the management proxies shall be allowed to use their discretionary voting authority when the proposal is raised at the 1999 Annual Meeting of Stockholders.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

EXHIBIT INDEX

EXHIBIT NO.	TITLE
-----	-----
3.1	Articles of Organization (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement No. 33-96162).
3.2	By-Laws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement No. 33-96162).
3.3	Restated Articles of Organization of the Company (incorporated by reference to Exhibit 3.3 to the Company's Form 10-K filed on April 1, 1996).

- 3.4 Amended and Restated By-Laws of the Company (incorporated by reference to Exhibit 3.4 to the Company's Form 10-K filed on April 1, 1996).
- *3.5 Amended and Restated By-Laws of the Company (as amended through June 2, 1998).
- *3.6 Restated Articles of Organization of the Company, dated July 21, 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).

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THE BOSTON BEER COMPANY, INC.

PART II. OTHER INFORMATION (CONTINUED)

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K (CONTINUED)

EXHIBIT INDEX (CONTINUED)

EXHIBIT NO. -----	TITLE -----
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).

- +10.10 Agreement between Boston Brewing Company, Inc. and The Stroh Brewery Company, dated as of January 31, 1994 (incorporated by reference to Exhibit 10.9 to the Company's Registration Statement No. 33-96164).
- +10.11 Agreement between Boston Brewing Company, Inc. and the Genesee Brewing Company, dated as of July 25, 1995 (incorporated by reference to Exhibit 10.10 to the Company's Registration Statement No. 33-96164).
- +10.12 Amended and Restated Agreement between Pittsburgh Brewing Company and Boston Brewing Company, Inc. dated as of February 28, 1989 (incorporated by reference to Exhibit 10.11 to the Company's Registration Statement No. 33-96164).
- 10.13 Amendment to Amended and Restated Agreement between Pittsburgh Brewing Company, Boston Brewing Company, Inc., and G. Heileman Brewing Company, Inc., dated December 13, 1989 (incorporated by reference to Exhibit 10.12 to the Company's Registration Statement No. 33-96162).
- +10.14 Second Amendment to Amended and Restated Agreement between Pittsburgh Brewing Company and Boston Brewing Company, Inc. dated as of August 3, 1992 (incorporated by reference to Exhibit 10.13 to the Company's Registration Statement No. 33-96164).
- +10.15 Third Amendment to Amended and Restated Agreement between Pittsburgh Brewing Company and Boston Brewing Company, Inc. dated December 1, 1994 (incorporated by reference to Exhibit 10.14 to the Company's Registration Statement No. 33-96164).

THE BOSTON BEER COMPANY, INC.

PART II. OTHER INFORMATION (CONTINUED)

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K (CONTINUED)

Exhibit Index (Continued)

EXHIBIT NO. -----	TITLE -----
10.16	Fourth Amendment to Amended and Restated Agreement between Pittsburgh Brewing Company and Boston Brewing Company, Inc. dated as of April 7, 1995 (incorporated by reference to Exhibit 10.16 to the Company's Registration Statement No. 33-96162).
+10.17	Letter Agreement between Boston Beer Company Limited Partnership and Joseph E. Seagram & Sons, Inc. (incorporated by reference to Exhibit 10.17 to the Company's Registration Statement No. 33-96162).
10.18	Services Agreement and Fee Schedule of Mellon Bank, N.A. Escrow Agent Services for The Boston Beer Company, Inc. dated as of October 27, 1995 (incorporated by reference to the Company's Registration Statement No. 33-96162).
10.19	Amendment to Revolving Credit Agreement between Fleet Bank of Massachusetts, N.A. and the Partnership (incorporated by

reference to Exhibit 10.18 to the Company's Registration Statement No. 33-96164).

- 10.20 1996 Stock Option Plan for Non-Employee Directors (incorporated by reference to the Company's Form 10-K, filed on March 28, 1997).
- +10.21 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 28, 1997).
- +10.22 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 28, 1997).
- +10.23 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 28, 1997).
- 10.24 Revolving Credit Agreement between Fleet Bank of Massachusetts, N.A. and The Boston Beer Company, Inc., dated as of March 21, 1997 (incorporated by reference to the Company's Form 10-Q, filed on May 12, 1997).
- +10.25 Amended and Restated Agreement between Boston Brewing Company, Inc. and the Genesee Brewing Company, Inc. dated April 30, 1997 (incorporated by reference to the Company's Form 10-Q, filed on August 11, 1997).
- +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 27, 1998).

THE BOSTON BEER COMPANY, INC.

PART II. OTHER INFORMATION (CONTINUED)

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K (CONTINUED)

Exhibit Index (Continued)

EXHIBIT NO. -----	TITLE -----
+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 27, 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 27, 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 on March 27, 1998).
*+10.30	Glass Supply Agreement between The Boston Beer Company and

Owens' Brockway Glass Container Inc., dated April 30, 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.
- 11 The information required by exhibit 11 has been included in Note F of the notes to the consolidated financial statements.
- 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).
- *27 Financial Data Schedule (electronic filing only).

* Filed with this report.

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

(B) REPORTS ON FORM 8-K.

The Company filed a Form 8-K on June 18, 1998 with the Securities and Exchange Commission. The filing was regarding a change in the Company's independent accountants effective fiscal year 1998.

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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: Aug 7, 1998

By: /s/: C. JAMES KOCH

C. James Koch
President, Chief Executive Officer,
Clerk and Director (principal executive officer)

Date: Aug 7, 1998

By: /s/: ALFRED W. ROSSOW, JR.

Alfred W. Rossow, Jr.
Executive Vice President,
Chief Financial Officer (principal financial and accounting officer)
Treasurer and Director

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As amended through June 2, 1998

BY-LAWS

OF

THE BOSTON BEER COMPANY, INC.
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BY-LAWS

of

THE BOSTON BEER COMPANY, INC.

ARTICLE 1

Articles of Organization

The name and purposes of the Corporation shall be as set forth in the Articles of Organization. These By-Laws, the powers of the Corporation and its Directors and stockholders, and all matters concerning the conduct and regulation of the business of the Corporation, shall be subject to such provisions in regard thereto, if any, as are set forth in the Articles of Organization. All references in these By-Laws to the Articles of Organization shall be construed to mean the Articles of Organization of the Corporation as from time to time amended or restated.

ARTICLE 2

Accounting Method and Fiscal Year

The Corporation's books of account shall be maintained on the cash method or on such other method of accounting as the Board of Directors may from time to time determine, and shall be closed and balanced at the end of each fiscal year of the Corporation. The fiscal year of the Corporation shall be such twelve month period as the Board of Directors may from time to time select. The initial fiscal year shall be the twelve month period ending on December 31 in each year.

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ARTICLE 3

Stockholders

Section 3.1 Annual Meeting

The Annual Meeting of the Stockholders shall be held at 10 o'clock A.M., Eastern Daylight Time, on the third Tuesday of April in each year, if not a legal holiday, and, if a legal holiday, then on the next secular day following, or at such other date and time within six months after the end of the Corporation's fiscal year as shall be designated from time to time by the Board of Directors, the Chairman of the Board of Directors or the President and stated in the notice of the meeting. Purposes for which an Annual Meeting is to be held, additional to those prescribed by law and these By-Laws, may be specified by the President or by the Directors.

If such Annual Meeting has not been held as herein provided, a Special Meeting of the Stockholders in lieu of the Annual Meeting may be held, and any business transacted or elections held at such Special Meeting shall have the same effect as if transacted or held at the Annual Meeting, and in such case all references to these By-Laws, except in this Section 3.1, to the Annual Meeting of the Stockholders shall be deemed to refer to such Special Meeting. Any such Special Meeting shall be called, and the purposes thereof shall be specified in the Call, as provided in Section 3.2 of this Article 3.

Section 3.2 Special Meetings

A Special Meeting of the Stockholders may be called at any time by the President, or by a majority of the Directors acting by vote or by written instrument or instruments signed by them. A Special Meeting of Stockholders shall be called by the Clerk, or in the case of the death, absence, incapacity or refusal of the Clerk, by any other officer,

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upon written application of one or more stockholders who hold at least one-tenth part in interest of the stock entitled to vote at the meeting. Such Call shall state the time, place, and purposes of the meeting.

Section 3.3 Place of Meetings

All meetings of the stockholders shall be held at the principal office of the Corporation in Massachusetts, unless a different place within Massachusetts or, if permitted by the Articles of Organization, elsewhere within the United States is designated by the Chairman of the Board of Directors, the President, or by a majority of the Directors acting by vote or by written instrument or instruments signed by them. Any adjourned session of any meeting of the stockholders shall be held at such place within Massachusetts or, if permitted by the Articles of Organization, elsewhere within the United States as is designated in the vote of adjournment.

Section 3.4 Notice of Meetings

A written Notice of the place, date and hour of all meetings of stockholders stating the purposes of the meeting shall be given at least seven (7) calendar days before the meeting to each stockholder of the Corporation, whether or not such stockholder is entitled to vote thereat, by leaving such Notice with him or at his residence or usual place of business, or by mailing, postage prepaid, and addressed to such stockholder at his address as it appears in the records of the Corporation. Such Notice shall be given by the Clerk, or in the case of the death, absence, incapacity or refusal of the Clerk, by any other officer or by a person designated either by the Clerk, the person or persons calling the meeting or by the Board of Directors. Whenever Notice of a meeting is required to be given a stockholder under any provision of law, of the Articles of Organization, or of these By-Laws, a written Waiver

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thereof, executed before or after the meeting by such stockholder or his attorney thereunto authorized, and filed with the records of the meeting, shall be deemed equivalent to such Notice.

Section 3.5 Quorum

At any meeting of the stockholders, a quorum for the election of any Director or for the consideration of any question shall consist of a majority in interest of all stock issued, outstanding and entitled to vote at such election or upon such question, respectively, except that if two or more classes of stock are entitled to vote as separate classes for the election of any Director or upon any question, then in the case of each such class a quorum for the election of any Director or for the consideration of such question shall consist of a majority in interest of all stock of that class issued, outstanding and entitled to vote thereon. Stock owned by the Corporation, if any, except stock held directly or indirectly by it in a fiduciary capacity, shall be disregarded in determining any quorum. Whether or not a quorum is present, any meeting may be adjourned from time to time by a majority of the votes properly cast upon the question, and the meeting may be held as adjourned without further notice.

When a quorum for an election is present at any meeting, a plurality of the votes properly cast for any office shall elect such office. When a quorum for the consideration of a question is present at any meeting, a majority of the votes properly cast upon the question shall decide the question; except that if two or more classes of stock are entitled to vote as separate classes upon such question, then in the case of each such class a majority of the votes of such class properly cast upon the question shall decide the vote of that class upon the question; and except in any case where a larger vote is required by law or by the Articles of Organization.

Section 3.6 Action without Meeting

Any action required or permitted to be taken at any meeting of the stockholders may be taken without a meeting if all stockholders entitled to vote on the matter consent to the

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action in writing and the written Consents are filed with the records of the meetings of stockholders. Such consents shall be treated for all purposes, including without limitation for the purposes of Section 4.8 hereof as a vote at a meeting.

Section 3.7 Proxies and Voting

Except as may otherwise be provided in the Articles of Organization, stockholders entitled to vote shall have one vote for each share of stock entitled to vote owned by them. Stockholders entitled to vote may vote in person or by proxy. Except as otherwise provided by law, no proxy dated more than six (6) months before the meeting named therein shall be valid and no proxy shall be valid after the final adjournment of such meeting. A proxy with respect to stock held in the name of two or more persons shall be valid if executed by any one of them unless at or prior to the exercise of the proxy the Corporation receives specific written notice to the contrary from any one of them. A proxy purporting to be executed by or on behalf of a stockholder shall be deemed valid unless challenged at or prior to its exercise and the burden of proving invalidity shall rest on the challenger. Proxies shall be filed with the Clerk, or person performing the duties of the Clerk, at the meeting, or any adjournment thereof, before being voted.

The Corporation shall not, directly or indirectly, vote upon any share of its own stock; but nothing herein shall be construed as limiting the right of the Corporation to vote shares of stock held directly or indirectly by it in a fiduciary capacity.

ARTICLE 4

Directors

Section 4.1 Enumeration, Election and Term of Office

There shall be a Board of Directors of the Corporation. The number of Directors of the Corporation shall be such number as fixed annually by the Board of Directors, but not fewer than seven (7) nor more than eleven (11), consisting of not fewer than two (2) nor more

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than four (4) Directors elected by the holders of the Corporation's Class A Common Stock (the "Class A Directors") and not fewer than five (5) nor more than seven (7) Directors elected by the Corporation's Class B Common Stock (the "Class B Directors"), and subject to the further requirement that no Class B Directors in excess of five (5) Class B Directors shall be elected unless a like number of Class A Directors is then, or previously, elected. The Directors shall be chosen at the Annual Meeting of the Stockholders by such stockholders as have the right to vote thereon, in accordance with Section 4.8 of these By-Laws. Each Director shall hold office until the next annual election of Directors and until his successor is chosen and qualified or until he sooner dies, resigns, is removed or becomes disqualified. Any election of Directors by stockholders shall be by ballot if so requested by any stockholder entitled to vote thereon. No Director need be a stockholder.

Section 4.2 Powers

The business of the Corporation shall be managed by the Board of Directors, which shall exercise all the powers of the Corporation except as otherwise required by law, by the Articles of Organization or by these By-Laws.

Section 4.3 Meetings of Directors

Regular meetings of the Directors may be held without notice at such places and at such times as may be fixed from time to time by the Directors. The Board shall establish a regular meeting schedule that shall provide for meetings to be duly called not less often than quarterly. A regular meeting of the Directors may be held without notice immediately following the Annual Meeting of Stockholders or any Special Meeting held in lieu thereof.

Special Meetings of Directors may be called by the Chairman of the Board, the President, the Treasurer or any two (2) or more Directors, and shall be held at such time and place as specified in the Call. Reasonable notice of each special meeting of the Directors shall be given to each Director. Such notice may be given by the Secretary or Assistant Secretary of the Board, the Clerk or any Assistant Clerk or by the officer or one of the Directors calling the meeting. Notice to a Director shall in any case be sufficient if sent by telegram at least

forty-eight (48) hours or by mail at least ninety-six (96) hours before the meeting addressed to him at his usual or last known business or residence address, or if given to him at least forty-eight (48) hours before the meeting in person or by telephone or by handing him a written Notice. Notice of a meeting need not be given to any Director if a written Waiver of Notice, executed by him before or after the meeting, is filed with the records of the meeting, or to any Director who attends the meeting without protesting prior thereto or at its commencement the lack of notice to him. A Notice or Waiver of Notice need not specify the purposes of the meeting.

Section 4.4 Quorum of Directors

At any meeting of the Directors, a quorum for any election or for the consideration of any question shall consist of a majority of the entire Board (including vacancies). Whether or not a quorum is present any meeting may be adjourned from time to time by a majority of the votes properly cast upon the question, and the meeting may be held as adjourned without further Notice. When a quorum is present at any meeting, the votes of a majority of the Directors present shall be requisite and sufficient for election to any office and shall decide any question brought before such meeting, except in any case where a larger vote is required by law, by the Articles of Organization or by these By-Laws.

Section 4.5 Consent in Lieu of Meeting and Participation in Meetings

by Communications Equipment

Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all the Directors consent to the action in writing and the written Consents are filed with the records of the meetings of the Directors. Such Consents shall be treated for all purposes as a vote of the Directors at a meeting.

Members of the Board of Directors or any Committee designated thereby may participate in a meeting of such Board or Committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting

can hear each other at the same time and participation by such means shall constitute presence in person at a meeting.

Section 4.6 Committees

By unanimous vote of the Directors then in office, the Directors may elect from their own number an Executive Committee or other Committees and may by like vote delegate to any such Committee some or all of their powers except those which by law may not be delegated.

Section 4.7 Access to Books and Records

All members of the Board shall have access to the Corporation's books and records for purposes of carrying out their duties hereunder.

Section 4.8 Class Rights

(a) Class A Common Stock. At every Annual Meeting or Special Meeting

called for the purpose of the election of Directors, the holders of shares of Class A Common Stock shall be entitled to vote for the election to the Board of, and thereafter to continue in office, that number of Class A Directors nominated by the Nominating Committee, consisting of the Class A Directors (or the Class A Director, if there is only one) then in office. The number of Class A Directors to be nominated shall not be fewer than two (2) nor more than four (4) and as otherwise set forth in Section 4.1 of these By-Laws.

(b) Class B Common Stock. At every Annual Meeting or Special Meeting

called for the purpose of the election of Directors, the holders of shares of Class B Common Stock shall be entitled to vote for the election to the Board of, and thereafter to continue in office, not fewer than five (5) nor more than seven (7) Directors elected by the holders of the Corporation's Class B Common Stock, and subject to the further requirement that no Class B Directors in excess of five (5) Class B Directors shall be elected unless a like number of Class A Directors is also then, or previously, elected. Nominees for election as Class B Directors shall be selected by the Board.

(c) Removal; Vacancy. A Director may be removed from office only by

the vote of the holders of that class of stock by which he or she was elected and any vacancy on the Board may be filled only by vote of the holders of that class of stock by which the Director last elected to the vacant seat was elected; provided that the Nominating Committee may fill a Class A Director vacancy and the Board, acting by the affirmative vote of a majority of the entire Board may fill any Class B Director vacancy, subject in either case to approval by the applicable class of stockholders at the next Annual Meeting or Special Meeting held in lieu thereof.

(d) Termination of Class Rights. The terms of this Section 4.8 will

continue until such time as the separate class voting rights of the Class A Common Stock and the Class B Common Stock terminate, as provided in the Articles of Organization.

Section 4.9 Vote for Non-Staggered Terms. As soon as possible

following the incorporation of the Corporation, the Incorporator and the holders

of the Class B Common Stock shall (i) cause a meeting to be duly called for the purpose of a vote providing that the Corporation elects to be exempt from the provisions of Section 50A(a) of Chapter 156B of the Massachusetts General Laws, or any similar or successor provision, (ii) vote (or cause to be voted) all shares of Class B Common Stock in favor of a resolution that the Corporation elects to be exempt from such provisions and (iii) thereafter use their best efforts to maintain (or, if necessary, repeat) such vote and to prevent the division of Directors into classes with staggered terms, pursuant to Section 50A(b) of Chapter 156B of the Massachusetts General Laws, or any similar or successor provision. The terms of this Section 4.9 will continue until such time as the separate class voting rights of the Class A Common Stock and the Class B Common Stock terminate, as provided in the Articles of Organization.

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ARTICLE 5

Officers

Section 5.1 Enumeration, Election and Term of Office

The officers of the Corporation shall include a President, a Treasurer and a Clerk, who shall be chosen by the Directors at their first meeting following the Annual Meeting of the Stockholders. Each of them shall hold his office until the next annual election to the office which he holds and until his successor is chosen and qualified or until he sooner dies, resigns, is removed or becomes disqualified.

The Directors may choose one of their number to be Chairman of the Board and determine his powers, duties and term of office. The Directors may at any time appoint such other officers, including one or more Vice Presidents, Assistant Treasurers, Assistant Clerks, Secretary of the Board and an Assistant Secretary of the Board as they deem wise, and may determine their respective powers, duties and terms of office.

No officer need be a stockholder or a Director except that the Chairman of the Board shall be a Director. The same person may hold more than one office, except that no person shall be both President and Clerk.

Section 5.2 President and Chairman of the Board

The President shall be the Chief Executive Officer of the Corporation and, subject to the control and direction of the Directors, shall have general supervision and control of the business of the Corporation. He shall preside at all meetings of the stockholders at which he is present, and, if he is a Director, at all meetings of the Directors if there shall be no Chairman of the Board or in the absence of the Chairman of the Board.

If there shall be a Chairman of the Board, he shall make his counsel available to the other officers of the Corporation, and shall have such other duties and powers as may from time to time be conferred on him by the Directors. He shall preside at all meetings of the

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Directors at which he is present, and, in the absence of the President, at all meetings of stockholders.

Section 5.3 Treasurer and Assistant Treasurer

The Treasurer shall have the custody of the funds and valuable books

and papers of the Corporation, including, without limitation, copies of the Corporation's federal, state and local income tax returns and reports, if any, for the three most recent years, copies of any then effective written agreements to which the Corporation is a party, as well as any financial statements of the Corporation for the three most recent years, with quarterly financial statements for each of such years, except such books and papers as are directed by these By-Laws to be kept by the Clerk or by the Secretary of the Board. He shall perform all other duties usually incident to his office, and shall be at all times subject to the control and direction of the Directors. If required by the Directors, he shall give bond in such form and amount and with such sureties as shall be determined by the Directors.

If the Treasurer is absent or unavailable, any Assistant Treasurer shall have the duties and powers of Treasurer and shall have such further duties and powers as the Directors shall from time to time determine.

Section 5.4 Clerk and Assistant Clerk

If the Corporation shall not have a resident agent appointed pursuant to law, the Clerk shall be a resident of the Commonwealth of Massachusetts. The Clerk shall record all proceedings of the stockholders in a book to be kept therefor. In case a Secretary of the Board is not elected, the Clerk shall also record all proceedings of the Directors in a book to be kept therefor. The Clerk shall keep a copy of the Stockholders' Agreement when it is executed.

If the Corporation shall not have a transfer agent, the Clerk shall also keep or cause to be kept the stock and transfer records of the Corporation, which shall contain the names of all stockholders and the record address and the amount of stock held by each.

If the Clerk is absent or unavailable, any Assistant Clerk shall have the duties and powers of the Clerk and shall have such further duties and powers as the Directors shall from time to time determine.

Section 5.5 Secretary of the Board and Assistant Secretary

If a Secretary of the Board is elected, he shall record all proceedings of the Directors in a book to be kept therefor.

If the Secretary of the Board is absent or unavailable, any Assistant Secretary shall have the duties and powers of the Secretary and shall have such further duties and powers as the Directors shall from time to time determine.

If no Secretary or Assistant Secretary has been elected, or if, having been elected, no Secretary or Assistant Secretary is present at a meeting of the Directors, the Clerk or an Assistant Clerk shall record the proceedings of the Directors.

Section 5.6 Temporary Clerk and Temporary Secretary

If no Clerk or Assistant Clerk shall be present at any meeting of the stockholders, or if no Secretary, Assistant Secretary, Clerk or Assistant Clerk shall be present at any meeting of the Directors, the person presiding at the meeting shall designate a Temporary Clerk or Temporary Secretary to perform the duties of Clerk or Secretary.

Section 5.7 Other Powers and Duties

Each officer shall, subject to these By-Laws and to the control and direction of the Directors, have in addition to the duties and powers specifically set forth in these By-Laws, such duties and powers as are

customarily incident to his office and such additional duties and powers as the Directors may from time to time determine.

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ARTICLE 6

Resignations, Removals and Vacancies

Section 6.1 Resignations

Any Director or officer may resign at any time by delivering his resignation in writing to the President or the Clerk or to a meeting of the Directors. Such resignations shall take effect at such time as is so specified therein, or if no such time is so specified, then upon delivery thereof to the President or the Clerk or to a meeting of the Directors.

Section 6.2 Removals

Directors may be removed with or without assignment of cause by vote of a majority of the shares held by the stockholders that are entitled to vote on the election of such Director.

The Directors may terminate or modify the authority of any agent or employee. The Directors may remove any officer from office with or without assignment of cause by vote of a majority of the Directors then in office.

If cause is assigned for removal of any Director or officer, such Director or officer may be removed only after a reasonable notice and opportunity to be heard before the body proposing to remove him.

No Director or officer who resigns or is removed shall have any right to any compensation as such Director or officer for any period following his resignation or removal, or any right to damages on account of such removal whether his compensation be by the month or by the year or otherwise; provided, however, that the foregoing provision shall not prevent such Director or officer from obtaining damages for breach of any contract of employment legally binding upon the Corporation.

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ARTICLE 7

Indemnification of Directors and Others

Section 7.1 Definitions

For purposes of this Article 7:

(a) "Director - or - Officer" means any person who is serving or has served as a Director, officer or employee of the Corporation appointed or elected by the Board of Directors or the stockholders of the Corporation, or any Director, officer or employee of the Corporation who is serving or has served at the request of the Corporation as a Director, officer, trustee, principal, partner, member of a committee, employee or other agent of any other organization, or in any capacity with respect to any employee benefit plan of the Corporation or any of its subsidiaries.

(b) "Proceeding" means any action, suit or proceeding, whether civil,

criminal, administrative or investigative, brought or threatened in or before any court, tribunal, administrative or legislative body or agency, and any claim which could be the subject of a Proceeding.

(c) "Expense" means any fine or penalty, and any liability fixed by a judgment, order, decree or award in a Proceeding, any amount reasonably paid in settlement of a Proceeding and any professional fees and other disbursements reasonably incurred in connection with a Proceeding. The term "Expense" shall include any taxes or penalties imposed on a Director or Officer with respect to any employee benefit plan of the Corporation or any of its subsidiaries.

Section 7.2 Right to Indemnification

Except as limited by law or as provided in Sections 7.3 and 7.4 of this Article 7, each Director or Officer (and his heirs and personal representatives) shall be indemnified by the Corporation against any Expense incurred by him in connection with each Proceeding in which he is involved as a result of his serving or having served as a Director or Officer.

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Section 7.3 Indemnification not Available

No indemnification shall be provided to a Director or Officer with respect to a Proceeding as to which it shall have been adjudicated that he did not act in good faith in the reasonable belief that his action was in the best interests of the Corporation, or, to the extent that such Proceeding relates to service with respect to an employee benefit plan, in the best interests of the participants or beneficiaries of such employee benefit plan.

Section 7.4 Compromise or Settlement

In the event that a Proceeding is disposed of by settlement or in the event of any adjudication which, in the opinion of a majority of the disinterested Directors (who may consult or defer to the opinion of the General Counsel or outside counsel to be employed by the Corporation) or, if there are no disinterested Directors, the General Counsel (who may consult or defer to the opinion of outside counsel to be employed by the Corporation), does not make a sufficient determination of conduct which could preclude or permit indemnification in accordance with this section 7, the Director or Officer shall be entitled to indemnification unless, as determined by a majority of the disinterested Directors (who may consult or defer to the opinion of the General Counsel or outside counsel to be employed by the Corporation) or, if there are no disinterested directors, the General Counsel (who may consult or defer to the opinion of outside counsel to be employed by the Corporation), such Director or Officer's conduct was such as precludes indemnification under this Section 7.

Section 7.5 Advances

The Corporation shall pay sums on account of indemnification in advance of a final disposition of a Proceeding upon receipt of an undertaking by the Director or Officer to repay such sums if it is subsequently established that he is not entitled to indemnification pursuant to Sections 7.3 and 7.4 hereof, which undertaking may be accepted without reference to the financial ability of such person to make repayment.

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Section 7.6 Not Exclusive

Nothing in this Article 7 shall limit any lawful rights to

indemnification existing independently of this Article 7.

Section 7.7 Insurance

The provisions of this Article 7 shall not limit the power of the Board of Directors to authorize the purchase and maintenance of insurance on behalf of any Director or Officer against any liability incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under this Article 7.

ARTICLE 8

Stock

Section 8.1 Stock Authorized

The total number of shares and the par value, if any, of each class of stock which the Corporation is authorized to issue, and, if more than one class is authorized, the descriptions, preferences, voting powers, qualifications and special and relative rights and privileges as to each class and any series thereof, shall be as stated in the Articles of Organization.

Section 8.2 Issue of Authorized Unissued Capital Stock

Any unissued capital stock from time to time authorized under the Articles of Organization and Amendments thereto may be issued, and any shares of capital stock restored to the status of authorized but unissued stock may be reissued, by vote of the Directors. No stock shall be issued unless the cash, so far as due, or the property, services or expenses for which it was authorized to be issued, has been actually received or incurred by, or conveyed or rendered to, the Corporation, or is in its possession as surplus.

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Section 8.3 Certificates of Stock

Each stockholder shall be entitled to a certificate in such form as may be prescribed from time to time by the Directors or stockholders, stating the number and the class and the designation of the series, if any, of the shares held by him. Such certificates shall be signed by the President or a Vice President and by the Treasurer or an Assistant Treasurer. Such signatures may be facsimiles if the certificate is signed by a duly appointed transfer agent or registrar, other than a Director, officer or employee of the Corporation. In case any officer who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer at the time of its issue.

Every certificate issued by the Corporation for shares of stock at a time when such shares are subject to any restriction on transfer pursuant to the Articles of Organization, the By-Laws, the Stockholder Rights Agreement dated November __, 1995, entered into among the Corporation and all of the then holders of Class A Common Stock and Class B Common Stock (the "Stockholder Rights Agreement") or any other agreement to which the Corporation is a party shall have the restriction noted conspicuously on the certificate and shall also set forth on the face or back of the certificate either the full text of the restriction, or a statement of the existence of such restriction and a statement that the Corporation will furnish a copy thereof to the holder of such certificate upon written request and without charge. Every stock certificate issued by the Corporation at a time when it is authorized to issue more than one

class or series of stock shall set forth upon the face or back of the certificate either the full text of the preferences, voting powers, qualifications and special and relative rights of the shares of each class and series, if any, authorized to be issued, as set forth in the Articles of Organization or, where applicable, any agreement, or a statement of the existence of such preferences, powers, qualifications and rights and a statement that the Corporation will furnish a copy thereof to the holder of such certificate upon written request and without charge.

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Section 8.4 Replacement Certificate

In case of the alleged loss or destruction or the mutilation of a certificate of stock, a new certificate may be issued in place thereof, upon such conditions as the Directors may reasonably determine.

Section 8.5 Transfers

Subject to the restrictions, if any, imposed by the Articles of Organization, the By-Laws, the Stockholder Rights Agreement or any other agreement to which the Corporation is a party, shares of stock shall be transferred on the books of the Corporation only by the surrender to the Corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment of such shares or by a written power of attorney to sell, assign or transfer such shares, properly executed, with necessary transfer stamps affixed, and with such proof that the endorsement, assignment or power of attorney is genuine and effective as the Corporation or its transfer agent may reasonably require. Except as may otherwise be required by law, the Corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect thereto, regardless of any transfer, pledge or other disposition of such stock, until the shares have been transferred on the books of the Corporation in accordance with the requirements of these By-Laws. It shall be the duty of each stockholder to notify the Corporation of his post office address.

Section 8.6 Record Date

The Directors may fix in advance a time, which shall be not more than sixty (60) calendar days before the date of any meeting of stockholders or the date for the payment of any dividend or the making of any distribution to stockholders or the last day on which the consent or dissent of stockholders may be effectively expressed for any purpose, as the record date for determining the stockholders having the right to notice of and to vote at such meeting and any adjournment thereof or the right to receive such dividend or distribution or the right to give such consent or dissent, and in such case only stockholders of record on such date shall

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have such right, notwithstanding any transfer of stock on the books of the Corporation after the record date; or without fixing such record date the Directors may for any such purposes close the transfer books for all or any part of such period.

If no record date is fixed and the transfer books are not closed:

(1) The record date for determining stockholders having the right to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given.

(2) The record date for determining stockholders for any other

purpose shall be at the close of business on the day on which the Board of Directors acts with respect thereto.

ARTICLE 9

Miscellaneous Provisions

Section 9.1 Execution of Papers

All deeds, leases, transfers, contracts, bonds, notes, releases, checks, drafts and other obligations authorized to be executed on behalf of the Corporation shall be signed by the President or the Treasurer except as the Directors may generally or in particular cases otherwise determine.

Section 9.2 Voting of Securities

Except as the Directors may generally or in particular cases otherwise determine, the President or the Treasurer may, on behalf of the Corporation (i) waive Notice of any meeting of stockholders or shareholders of any other corporation, or of any association, trust or firm, of which any securities are held by this Corporation; (ii) appoint any person or persons to act as proxy or attorney-in-fact for the Corporation, with or without substitution, at any such meeting; and (iii) execute instruments of Consent to stockholder or shareholder action taken without a meeting.

Section 9.3 Corporate Seal

The seal of the Corporation shall be a circular die with the name of the Corporation, the word "Massachusetts" and the year of its incorporation cut or engraved thereon, or shall be in such other form as the Board of Directors or the stockholders may from time to time determine.

Section 9.4 Corporate Records

The original, or attested copies, of the Articles of Organization, the By-Laws, the Stockholder Rights Agreement, and the records of all meetings of the Incorporator and the stockholders, and the stock and transfer records, which shall contain the names of all stockholders and the record address and the amount of stock held by each, shall be kept in Massachusetts for inspection by the stockholders at the principal office of the Corporation or at an office of the Clerk, or if the Corporation shall have a transfer agent or a resident agent, at an office of either of them. Said copies and records need not all be kept in the same office.

The stockholders shall, upon reasonable request and notice, have the right to inspect and copy, at such stockholder's expense, during ordinary business hours, copies of the Corporation's federal, state and local income tax returns and reports, if any, for the three most recent years, copies of the Articles of Organization and these By-Laws, as well as any financial statements of the Corporation for the three most recent years, with quarterly financial statements for each of such years.

ARTICLE 10

Amendments

These By-Laws may be amended, modified or repealed only by the

affirmative vote of seventy-five percent (75%) in interest of the holders of the Class A Common Stock and the Class B Common Stock, voting as separate classes.

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Notice of the substance of any proposed amendment, modification or repeal shall be stated in the Notice of any meeting of the stockholders called for the purpose of proposing such amendment or repeal.

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THE COMMONWEALTH OF MASSACHUSETTS

Examiner

WILLIAM FRANCIS GALVIN
Secretary of the Commonwealth
One Ashburton Place, Boston, Massachusetts 02108-1512

ARTICLES OF AMENDMENT
(GENERAL LAWS, CHAPTER 156B, SECTION 72)

Name
Approved

We, Alfred W. Rossow, Jr. *Executive/Vice President, and Clare A.

Dever, * Assistant Clerk, of The Boston Beer Company, Inc., located at

(Exact name of corporation)

75 Arlington Street, Boston MA 02116,

(Street address of corporation in Massachusetts)

certify that these Articles of Amendment affecting articles numbered:

Articles III and Article IV, Section 1

(Number those articles 1,2,3,4,5 and/or 6 being amended)

of the Articles of Organization were duly adopted at a meeting held on
June 2, 1998, by vote of:

Article III:
4,107,355 shares of Class B Common Stock of 4,107,355 shares

(type, class & series, if any)
outstanding, Article IV, Section 1:

12,762,163 shares of Class A Common Stock of 16,377,829 shares

(type, class & series, if any)
outstanding, and

_____ shares of _____ of _____ shares
(type, class & series, if any)

- C - outstanding,
-
- P - /1/**
- /2/** being at least two-thirds of each type, class or series
- M - outstanding and entitled to vote thereon and of each type, class or
- series of stock whose rights are adversely affected thereby:
-
- R.A. -

* Delete the inapplicable words. ** Delete the inapplicable clause.
/1/ For amendments adopted pursuant to Chapter 156B, Section 70.

= For amendments adopted pursuant to Chapter 156B, Section 71.
 NOTE: IF THE SPACE PROVIDED UNDER ANY ARTICLE OR ITEM ON THIS FORM IS INSUFFICIENT, ADDITIONS SHALL BE SET FORTH ON ONE SIDE ONLY OF SEPARATE 8 1/2 X 11 SHEETS OF PAPER WITH A LEFT MARGIN OF AT LEAST 1 INCH. ADDITIONS TO MORE THAN ONE ARTICLE MAY BE MADE ON A SINGLE SHEET SO LONG AS EACH ARTICLE REQUIRING EACH ADDITION IS CLEARLY INDICATED.

P.C.

To change the number of shares and the par value (if any) of any type, class or series of stock which the corporation is authorized to issue, fill in the following:

The total presently authorized is:

WITHOUT PAR VALUE STOCKS		WITH PAR VALUE STOCKS		
TYPE	NUMBER OF SHARES	TYPE	NUMBER OF SHARES	PAR VALUE
Common:		Common:	Class A: 20,300,000	\$.01
			Class B: 4,200,000	\$.01
Preferred:		Preferred:		

Change the total authorized to:

WITHOUT PAR VALUE STOCKS		WITH PAR VALUE STOCKS		
TYPE	NUMBER OF SHARES	TYPE	NUMBER OF SHARES	PAR VALUE
Common:		Common:	Class A: 22,700,000	\$.01
			Class B: 4,200,000	\$.01
Preferred:		Preferred:		

ARTICLE IV, Section 1, is hereby amended by deletion thereof and substituting the following in lieu thereof:

1. BOARD OF DIRECTORS. The number of Directors of the Corporation shall be such number as fixed annually by the Board of Directors, but not fewer than seven (7) nor more than eleven (11), consisting of not fewer than two (2) nor more than four (4) Directors elected by the holders of the Corporation's Class A Common Stock (the "Class A Directors") and not fewer than five (5) nor more than seven (7) Directors elected by the holders of the Corporation's Class B Common Stock (the "Class B Directors"), and subject to the further requirement that no Class B Directors in excess of five (5) Class B Directors shall be elected unless a like number of Class A Directors is also then, or previously, elected."

The forgoing amendment(s) will become effective when these Articles of Amendment

are filed in accordance with General Laws, Chapter 156B, Section 6 unless these articles specify, in accordance with the vote adopting the amendment, a later effective date not more than thirty days after such filing, in which event the amendment will become effective on such later date.

Later effective date: _____

SIGNED UNDER THE PENALTIES OF PERJURY, this 23rd day of July, 1998.

/s/ Alfred W. Rossow, Jr. Executive/Vice President

Alfred W. Rossow, Jr.

/s/ Clare A. Dever "Clerk/"Assistant Clerk

Clare A. Dever

*Delete the inapplicable words.

THE COMMONWEALTH OF MASSACHUSETTS
ARTICLES OF AMENDMENT
(GENERAL LAWS, CHAPTER 156B, SECTION 72)

=====

I hereby approve the within Articles of Amendment and, the filing fee in the amount of \$_____ having been paid, said articles are deemed to have been filed with me this _____ day of _____ 19____.

Effective date: _____

WILLIAM FRANCIS GALVIN
Secretary of the Commonwealth

TO BE FILLED IN BY CORPORATION
PHOTOCOPY OF DOCUMENT TO BE SENT TO:

Clare A. Dever, Corporate Secretary

The Boston Beer Company, Inc.
75 Arlington Street

Boston, MA 02116
Telephone: 617 368 5139

(Expurgated Copy)

GLASS SUPPLY AGREEMENT

BETWEEN

THE BOSTON BEER COMPANY

AND

OWENS-BROCKWAY GLASS CONTAINER INC.

GLASS SUPPLY AGREEMENT

BETWEEN

THE BOSTON BEER COMPANY ("PURCHASER")

AND

OWENS-BROCKWAY GLASS CONTAINER INC. ("SELLER")

1. AGREEMENT TERM

From the date of signing through December 31, _____.

2. PRICES

Prices and related terms (the "Prices") are detailed on Attachment 1 and are subject to adjustment as provided below in Section 4.

3. VOLUME

Subject to Section 6 below, and in the absence of a Force Majeure Event as described in Section 14 below, Seller agrees to sell and Purchaser agrees to purchase, during the term of this Agreement, the following quantities of glass containers.

(A) For 1998, _____.

(B) For the remaining term of the Agreement, _____.

4. PRICE ADJUSTMENTS

(A) Except to the extent that price reductions result from Strategic Initiatives contemplated by Section 12, prices are firm through December 31, ____.

(B) Price for calendar year _____

a) Price adjustment cap of ____ annually. Price adjustments are calculated from prior year prices.

b) Prices are effective January 1 of each year.

c) Price adjustments will be advised by December 1 of the preceding year.

5. _____

6. RESPONSIBILITY TO PURCHASE AND INVENTORIES

- (A) Purchaser shall provide Seller with Purchaser's best estimates of Purchaser's anticipated requirements for glass containers on an annual and monthly basis, and Seller will provide on a monthly basis inventory levels of Purchaser's glass containers, both of which are to be listed by Purchaser's brewery to which glass containers are to be delivered. Recognizing that from time to time considerable

variations will occur in the annual and monthly forecasts, Seller shall use its commercially reasonable best efforts to accommodate such delivery requirements, but Seller will not be responsible for any substantial unanticipated variations in glass container requirements which it is unable to accommodate. If Seller is _____. Supplier shall be liable if forecasts, as reasonably provided, are not fulfilled. Under such circumstances, The Boston Beer Company _____. Additionally, the _____. If an event of Force Majeure, as described in Section 14 below, continues and prevents Seller from producing and or delivering the glass, then, in such event, _____ during the period of the event of Force Majeure, without any breach of this Agreement by Purchaser. If such an event of Force Majeure occurs, as aforesaid, then in such an event, Seller shall _____.

- (B) Purchaser authorizes Seller on the basis of the above-noted forecast to produce and maintain a reasonable inventory of glass containers (not to exceed a current __ day inventory without the consent of both parties). In the event of the expiration or termination of the Agreement for any reason, Purchaser shall (upon delivery of such inventory), in addition to any other obligations it may have to Seller, _____ glass containers produced to as aforesaid date of termination.

- (C) ___ storage for a period of ___ days from the date of manufacture or want date whichever is the later. When inventory has reached ___ months of age, Purchaser will have the option of (a) having the glass shipped to a specified location, (b) having the glass culleted and be invoiced _____ such glass, or (c) being invoiced for the _____..

- (D) If Purchaser elects the option set forth in Section (C)(c) above, then, in such event, Seller agrees to store Purchaser's property in a segregated area, clearly labeled to designate that it contains Purchaser's products. The warehouse where Purchaser's products shall be located will be identified to The Boston Beer Company in writing prior to beginning such storage. Seller hereby appoints Purchaser as its agent and grants to Purchaser a power-of-attorney, for purposes of this paragraph only, which power-of-attorney is irrevocable during the term of this Agreement, with authority to sign and deliver such documents, endorsements and instruments, including UCC-1 Financing Statements to reflect Purchaser's ownership of all right, title and interest in and to Purchaser's property warehoused at Seller's location shown above, or elsewhere as agreed to, and to take all other such action in the name of Seller as Purchaser may deem necessary or advisable to protect and preserve Purchaser's ownership and right to possession of Purchaser's property; provided, however, that Purchaser shall not have any obligation to do so and its not so doing shall not in any manner affect Purchaser's title to Purchaser's property for which it has rendered payment to Seller and which is stored, as aforesaid.

7. MOLD EQUIPMENT

- (A) Seller shall _____ molds used to produce bottles, including any replacement parts. Seller shall _____ during the term of the Agreement. Seller shall use

any molds that produce designs proprietary to Purchaser exclusively for the manufacture and production of bottles for Purchaser hereunder and for no other purpose.

(B) If Purchaser requests Seller to produce new proprietary design molds during the term of the Agreement, and Seller agrees to produce such molds, the Parties agree to enter into a written agreement regarding the _____ such molds.

8. FREIGHT

All _____ based on current ship-to locations: _____. Any change in current ship-to locations that exceeds Owens-Brockway's current freight costs will be negotiated and mutually agreed upon.

9. PALLETS

Pallets are memo billed on the face of the glass invoice. Seller will review and Purchaser will be advised of pallet activity on a monthly basis. A monthly float of pallets outstanding will be permitted to the equivalent of Purchaser's highest volume month pallet usage over a twelve month period. Pallet balances exceeding the float limit will be invoiced at the current rate of \$_____ for 40" x 48" pallets and \$_____ for 56" x 44" bulk pallets if pallet balance is not corrected within 30 days of notification.

10. TERMS

11. AGREEMENT _____ OPTION

The Purchaser shall have the option to _____ this Agreement for an additional _____ period, provided the Purchaser exercises such option by notifying Seller no later than _____. Selling prices in effect in Agreement year _____ will be the prices to which the _____ will be applied during the first year of the extension. The _____ (Attachment 2) will be _____ in Agreement year _____. All other terms for the extension period will be negotiated in good faith.

12. STRATEGIC OBJECTIVES

The Boston Beer Company and Owens-Brockway mutually agree to establish teams to develop and actively work on strategic objectives that will focus on _____ improvement initiatives, and _____ accruing from such initiatives.

13. OTHER TERMS AND CONDITIONS

(A) The parties agree to negotiate in good faith to resolve all other terms and conditions which may materially affect their commercial relationship. If, pending such further negotiations, any issues arise between the parties which are not expressly dealt with in the Agreement or in any written amendment to this Agreement, the parties agree to

resolve such issues in an equitable manner by mutual good faith negotiations. The parties further agree that this procedure shall be the exclusive mechanism for resolving open issues, which shall not be affected or governed by any other statutory or documentary provision including any set forth in purchase orders, order acknowledgment forms, invoices or similar documents.

(B) Notwithstanding the above, if the parties are unable to resolve any issues as described above, then, in such event, any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Each of Seller and Purchaser shall select one arbitrator, and the two arbitrators so selected shall mutually agree to the selection of a third arbitrator; or, failing such mutual agreement, the third arbitrator

shall be selected by the American Arbitration Association. The arbitration shall occur in Boston, Massachusetts, or otherwise as mutually agreed to by Seller and Purchaser.

(C) The Boston Beer Company shall _____.

14. FORCE MAJEURE

If either the Seller or the Purchaser is prevented, hindered, or delayed from or in performing any of its obligations under this Agreement (other than an obligation to make payment) by a Force Majeure Event then:

That parties' obligations under this Agreement shall be suspended for so long as the Force Majeure Event continues and to the extent that the party is so prevented, hindered or delayed;

As soon as reasonably possible after the commencement of the Force Majeure Event that the party shall notify the other party in writing of the occurrence of the Force Majeure Event, the date of commencement of the Force Majeure Event, the effects of the Force Majeure Event on its ability to perform its obligations under this Agreement, and the efforts being made or proposed by that party to remove or avoid such Force Majeure Event;

That party shall use all reasonable efforts to mitigate the effects of the Force Majeure Event upon the performance of its obligations under this Agreement;

As soon as reasonably possible after the cessation of the Force Majeure Event that party shall notify the other party in writing of the cessation of the Force Majeure Event and shall presume performance of its obligations under this Agreement. Owens-Brockway will give _____ to The Boston Beer Company for glass supply as soon as Seller has production capability, it being understood that Seller will use all commercially reasonable efforts to expedite attaining production capability.

For the purposes of this section, "Force Majeure Event" means any event

beyond the reasonable control of a party and which is unavoidable notwithstanding the reasonable care of that party. A Force Majeure event at one or more, but not all, of Seller's production facilities shall not constitute a Force Majeure Event, unless more than _____ of Seller's aggregate production capacity is affected.

15. CONFIDENTIALITY

Both during and after the termination of this Agreement, Seller shall maintain in strict confidence all confidential information disclosed to it by Purchaser, including, but not limited to, all operational strategies and plans, all information regarding contract-brewing arrangements of Purchaser, all price and marketing information, customer data, technical information and data, and other similar forms of confidential information relating to the Purchaser's products and services and the production and distribution thereof, as well as all other general strategic planning or proprietary business information identified as such by Purchaser to Seller. Upon the expiration or termination of this Agreement, Seller agrees to return to Purchaser all materials then in the possession of Seller or of any employee or agent of Seller, which contains confidential information of Purchaser.

16. QUALITY AND SERVICE

Seller agrees to produce glass containers meeting specifications as set forth in Attachments 3.1 through 3.3, or as amended and mutually agreed upon from time to time.

17. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with, the

laws of the Commonwealth of Massachusetts.

THE BOSTON BEER COMPANY OWENS-BROCKWAY GLASS CONTAINER INC.

/s/ JIM KOCH /s/ WILLIAM M. GARRISON
Brewer Vice President, Industry Manager-Beer
4/30/98 4/29/1998

ATTACHMENT 1

Location Mold Desc. Cap Color Price

CORRUGATED COMPONENTS

Owens-Brockway may be asked to purchase some or all corrugated components. Owens-Brockway's purchase price of corrugated components _____ to The Boston Beer Company and _____. Corrugated carton charges will be _____. Owens-Brockway's commercial best efforts will be used in corrugated _____. The Boston Beer Company may also choose _____ Owens-Brockway. Under this circumstance, the transactions would mirror the handling of basket carriers.

SET UP CHARGES

Set up charges for the RSC cartons, partitions and basket carriers will be _____.

BASKET CARRIERS

The _____ for the shipment of bottles by Owens-Brockway to The _____.

Additionally, The Boston Beer Company may choose _____.

NEW ITEMS

Any new items, or glass containers containing changes in design or specifications that are developed for and shipped to The Boston Beer Company during the Agreement Term shall be _____.

ATTACHMENT 2

ATTACHMENT 3.1

(Specifications for 12 oz. Longneck)

ATTACHMENT 3.2

(Specifications for 12 oz. Stock)

ATTACHMENT 3.3

(Specifications for 22 oz. Stock)

April 13, 1998

THE STROH BREWERY COMPANY
100 River Place
Detroit, MI 48207

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

RE: PRODUCTION AGREEMENT, DATED JANUARY 14, 1997, BETWEEN THE STROH BREWERY COMPANY ("STROH") AND BOSTON BEER COMPANY LIMITED PARTNERSHIP ("BOSTON BEER") (THE "PRODUCTION AGREEMENT"), LETTER AGREEMENT, DATED JANUARY 14, 1997, BETWEEN STROH AND BOSTON BEER ("LETTER AGREEMENT") AND EXTENSION LETTERS, DATED AUGUST 19, 1997, NOVEMBER 19, 1997, DECEMBER 19, 1997, JANUARY 22, 1998, FEBRUARY 25, 1998, AND MARCH 11, 1998 ("EXTENSION LETTERS")

Dear Chris:

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

1. All references in the Letter Agreement, as amended by the Extension Letters, to "April 15, 1998" are hereby deleted and substituted with "April 29, 1998".
2. All references in the Production Agreement to a termination date of "October 15, 1998", including the reference contained in Section 6(a) of the Production Agreement are hereby deleted and substituted with "October 30, 1998".

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

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

By: /s/ MARTIN F. ROPER
Martin F. Roper, Vice President
ACCEPTED AND AGREED TO this 14th day of April, 1998.
THE STROH BREWERY COMPANY

By: /s/ CHRISTOPHER T. SORTWELL
Christopher T. Sortwell, Senior Vice President, Finance

April 27, 1998

THE STROH BREWERY COMPANY
100 River Place
Detroit, MI 48207

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

RE: PRODUCTION AGREEMENT, DATED JANUARY 14, 1997, BETWEEN THE STROH BREWERY COMPANY ("STROH") AND BOSTON BEER COMPANY LIMITED PARTNERSHIP ("BOSTON BEER") (THE "PRODUCTION AGREEMENT"), LETTER AGREEMENT DATED JANUARY 14, 1997, BETWEEN STROH AND BOSTON BEER ("LETTER AGREEMENT") AND EXTENSION Letters, dated August 19, 1997, November 19, 1997, December 19, 1997,

JANUARY 22, 1998, FEBRUARY 25, 1998, MARCH 11, 1998 AND APRIL 13, 1998
("EXTENSION LETTERS")

Dear Chris:

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

1. All references in the Letter Agreement, as amended by the Extension Letters to "April 29, 1998" are hereby deleted and substituted with "June 12, 1998".
2. All references in the Production Agreement to a termination date of "October 30, 1998", including the reference contained in Section 6(a) of the Production Agreement are hereby deleted and substituted with "December 11, 1998".

If you are in agreement with the above, please sign and return the enclosed copy of this letter indicating your acceptance.

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

By: MARTIN F. ROPER
Martin F. Roper, Vice President

ACCEPTED AND AGREED TO this 29th day of April, 1998.
THE STROH BREWERY COMPANY

By: /s/ CHRISTOPHER T. SORTWELL
Christopher T. Sortwell, Senior Vice President, Finance

June 11, 1998

THE STROH BREWERY COMPANY
100 River Place
Detroit, MI 48207

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

RE: PRODUCTION AGREEMENT, DATED JANUARY 14, 1997, BETWEEN THE STROH BREWERY COMPANY ("STROH") AND BOSTON BEER COMPANY LIMITED PARTNERSHIP ("BOSTON BEER") (THE "PRODUCTION AGREEMENT"), LETTER AGREEMENT DATED JANUARY 14, 1997, BETWEEN STROH AND BOSTON BEER ("LETTER AGREEMENT") AND EXTENSION LETTERS, DATED AUGUST 19, 1997, NOVEMBER 19, 1997, DECEMBER 19, 1997, JANUARY 22, 1998, FEBRUARY 25, 1998, MARCH 11, 1998, APRIL 13, 1998 AND APRIL 27, 1998 ("EXTENSION LETTERS")

Dear Chris:

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

1. All references in the Letter Agreement, as amended by the Extension Letters, to "June 12, 1998" are hereby deleted and substituted with "June 26, 1998".
2. All references in the Production Agreement to a termination date of "December 11, 1998", including the reference contained in Section 6(a) of the Production Agreement are hereby deleted and substituted with "December 28, 1998".

If you are in agreement with the above, please sign and return the enclosed copy of this letter indicating your acceptance.

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

By: /s/ MARTIN F. ROPER
Martin F. Roper, Vice President

ACCEPTED AND AGREED TO this 12th day of June, 1998.
THE STROH BREWERY COMPANY

By: /s/ CHRISTOPHER T. SORTWELL
Christopher T. Sortwell, Senior Vice President, Finance

June 25, 1998

THE STROH BREWERY COMPANY
100 River Place
Detroit, MI 48207

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

RE: PRODUCTION AGREEMENT, DATED JANUARY 14, 1997, BETWEEN THE STROH BREWERY COMPANY ("STROH") AND BOSTON BEER COMPANY LIMITED PARTNERSHIP ("BOSTON BEER") (THE "PRODUCTION AGREEMENT"), LETTER AGREEMENT DATED JANUARY 14, 1997, BETWEEN STROH AND BOSTON BEER ("LETTER AGREEMENT") AND EXTENSION LETTERS, DATED AUGUST 19, 1997, NOVEMBER 19, 1997, DECEMBER 19, 1997, JANUARY 22, 1998, FEBRUARY 25, 1998, MARCH 11, 1998, APRIL 13, 1998, APRIL 27, 1998 AND JUNE 11, 1998 ("EXTENSION LETTERS")

Dear Chris:

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

1. All references in the Letter Agreement, as amended by the Extension Letters, to "June 26, 1998" are hereby deleted and substituted with "July 20, 1998".
2. All references in the Production Agreement to a termination date of "December 28, 1998", including the reference contained in Section 6(a) of the Production Agreement are hereby deleted and substituted with "January 22, 1999".

If you are in agreement with the above, please sign and return the enclosed copy of this letter indicating your acceptance.

Very truly yours,
BOSTON BEER COMPANY LIMITED PARTNERSHIP
BY: BOSTON BREWING COMPANY, INC., ITS GENERAL PARTNER

By: /s/ MARTIN F. ROPER
Martin F. Roper, Vice President

ACCEPTED AND AGREED TO THIS 26TH DAY OF JUNE, 1998.
THE STROH BREWERY COMPANY

By: /s/ WILLIAM L. HENRY, PRESIDENT & CEO
Christopher T. Sortwell, Senior Vice President, Finance

July 20, 1998

THE STROH BREWERY COMPANY
100 River Place
Detroit, MI 48207

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

RE: PRODUCTION AGREEMENT, DATED JANUARY 14, 1997, BETWEEN THE STROH BREWERY COMPANY ("STROH") AND BOSTON BEER COMPANY LIMITED PARTNERSHIP ("BOSTON BEER") (THE "PRODUCTION AGREEMENT"), LETTER AGREEMENT DATED JANUARY 14, 1997, BETWEEN STROH AND BOSTON BEER ("LETTER AGREEMENT") AND EXTENSION LETTERS, DATED AUGUST 19, 1997, NOVEMBER 19, 1997, DECEMBER 19, 1997, JANUARY 22, 1998, FEBRUARY 25, 1998, MARCH 11, 1998, APRIL 13, 1998, APRIL 27, 1998, JUNE 11, 1998 AND JUNE 25, 1998 ("EXTENSION LETTERS")

Dear Chris:

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

1. All references in the Letter Agreement, as amended by the Extension Letters, to "July 20, 1998" are hereby deleted and substituted with "August 3, 1998".
2. All references in the Production Agreement to a termination date of "January 22, 1999", including the reference contained in Section 6(a) of the Production Agreement are hereby deleted and substituted with "February 5, 1999".

If you are in agreement with the above, please sign and return the enclosed copy of this letter indicating your acceptance.

Very truly yours,
BOSTON BEER COMPANY LIMITED PARTNERSHIP
BY: BOSTON BREWING COMPANY, INC., ITS GENERAL PARTNER

BY: /s/ MARTIN F. ROPER
Martin F. Roper, Vice President
ACCEPTED AND AGREED TO THIS 20TH DAY OF JULY, 1998.
THE STROH BREWERY COMPANY

BY: /s/ CHRISTOPHER T. SORTWELL
Christopher T. Sortwell, Senior Vice President, Finance

<ARTICLE> 5

<LEGEND>

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

</LEGEND>

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<F1>THIS NUMBER INCLUDES 16,384,789 SHARES OF CLASS A COMMON STOCK WITH A PAR VALUE OF \$164,000 AND 4,107,355 SHARES OF CLASS B STOCK WITH A PAR VALUE OF \$41,000.

</FN>