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

FORM 10-Q

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

For the quarterly period ended SEPTEMBER 26, 1998

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the transition period from ....to..........

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 or organization)	(I.R.S. Employer Identification No.)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

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

CLASS A COMMON STOCK, $.01 PAR VALUE	16,393,948
CLASS B COMMON STOCK, $.01 PAR VALUE	4,107,355
(Title of each class)	(Number of shares)

THE BOSTON BEER COMPANY, INC.
FORM 10-Q

QUARTERLY REPORT
SEPTEMBER 26, 1998

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

	September 26,	December 27,

	1998	1997
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 11,571	$ 13
Short term investments	37,858	35,787
Accounts receivable, net of allowance for doubtful accounts, of $1,208 and $1,153 in 1998 and 1997, respectively	16,996	16,483
Inventories	18,264	13,675
Prepaid expenses	1,751	4,344
Deferred tax assets	2,266	2,266
Other current assets	1,272	1,308
Total current assets	89,978	73,876
Equipment and leasehold improvements, net	29,631	28,781
Other assets	2,489	2,742
Total assets	$ 122,098	$ 105,399
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 10,669	$ 9,556
Accrued expenses	17,288	13,770
Total current liabilities	27,957	23,326
Long-term debt, less current maturities	10,000	10,000
Long-term deferred taxes	789	789
Other long-term liabilities	2,250	-
Stockholders' Equity:		
Class A Common Stock, $.01 par value; 22,700,000 shares authorized; 16,393,948 and 16,337,744 issued and outstanding as of September 26, 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 September 26, 1998 and December 27, 1997	41	41
Additional paid-in-capital	56,559	56,445
Unearned compensation	(277)	(423)
Unrealized loss on investments in a marketable security	-	(2,223)
Unrealized loss on forward exchange contract	-	(290)
Retained earnings	24,615	17,571
Total stockholders' equity	81,102	71,284
Total liabilities and stockholders' equity	$ 122,098	$ 105,399

The accompanying notes are an integral part of the financial statements

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

	Three months ended		Nine months ended	
	September 26, 1998	September 27, 1997	September 26, 1998	September 27, 1997
Sales	$ 52,205	$ 55,664	$ 157,674	$ 159,621
Less excise taxes	6,832	7,047	20,523	19,311
Net sales	45,373	48,617	137,151	140,310
Cost of sales	21,195	22,000	64,854	68,578
Gross profit	24,178	26,617	72,297	71,732
Operating expenses:				
Advertising, promotional and selling expenses	17,382	17,415	49,316	51,802
General and administrative expenses	2,842	3,190	9,280	9,217
Total operating expenses	20,224	20,605	58,596	61,019
Operating income	3,954	6,012	13,701	10,713
Other income (expense):				
Interest income	599	451	1,550	1,340
Interest expense	(159)	(183)	(486)	(540)
Other income (expense), net	(14)	(511)	(1,732)	(389)
Total other income (expense)	426	(243)	(668)	411
Income before provision for income taxes	4,380	5,769	13,033	11,124
Provision for income taxes	1,743	2,521	5,989	4,861

Net income	$ 2,637	$ 3,248	$ 7,044	$ 6,263
Earnings per share - basic	$0.13	$0.16	$0.34	$0.31
Earnings per share - diluted	$0.13	$0.16	$0.34	$0.31
Weighted average shares - basic	20,495	20,425	20,481	20,283
Weighted average shares - diluted	20,573	20,557	20,579	20,463

The accompanying notes are an integral part of the financial statements

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

	Nine months ended	
	Sept 26, 1998	Sept 27, 1997
Cash flows from operating activities:		
Net income	$ 7,044	$ 6,263
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,920	3,029
Loss on disposition of marketable security	1,435	-
Deferred income taxes	-	42
Bad debt expense	325	118
Amortization of unearned compensation	152	185
Changes in assets and liabilities:		
Accounts receivable	(721)	(3,353)
Inventory	(4,589)	(3,533)
Prepaid expenses	2,593	206
Other current assets	209	1,106
Other assets	253	502
Accounts payable	1,113	(9,032)
Accrued expenses	3,518	2,019
Other long-term liabilities	2,250	-
Net cash provided by (used in) operating activities	17,502	(2,448)
Cash flows from investing activities:		
Purchases of equipment	(4,770)	(15,042)
Proceeds from the sale of marketable security	2,851	-
Net (purchases) maturities of short-term investments	(4,134)	(1,232)
Purchases of restricted investments	-	(625)
Proceeds from maturities of restricted investments	-	1,236
Net cash used in investing activities	(6,053)	(15,663)
Cash flows from financing activities:		
Proceeds from exercise of management incentive options	37	628
Proceeds from from sale of common stock under stock purchase plan	74	23
Repurchase of shares under employee investment and incentive share plans	(2)	-
Principal payments on long-term debt	-	(1,875)
Net borrowings under line of credit	-	14,275
Net cash provided by financing activities	109	13,051
Net increase (decrease) in cash and cash equivalents	11,558	(5,060)
Cash and cash equivalents at beginning of period	13	5,060
Cash and cash equivalents at end of period	$ 11,571	$ -
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	$ 513	$ 391
Income taxes	$ 3,629	$ 5,471

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 unaudited consolidated financial statements have been prepared by the Company, 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 September 26, 1998 and the results of its consolidated operations and consolidated cash flows for the interim periods ended September 26, 1998 and September 27, 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 September 26, 1998 short term investments consisted exclusively of money market funds, treasury bills, treasury repurchase agreements and securities backed by various agencies of the U.S. Government. At December 27, 1997, short term investments also included a marketable equity security with a cost of $4,286,000 and a market value of $2,063,000. The disposition of this security during the second quarter of 1998 resulted in a realized loss of $1,435,000.

The Company's money market funds, treasury bills, treasury repurchase agreements and securities backed by various agencies of the U.S. Government have a cost of $37,858,000 and $33,724,000 at September 26, 1998 and December 27, 1997, respectively, which approximate fair value.

C. INVENTORIES:

Inventories, which consist principally of hops, brewing 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:

	September 26, 1998	December 27, 1997
Raw materials, principally hops	$ 15,328,000	$ 12,481,000
Work in process	726,000	511,000
Finished goods	2,210,000	683,000
	$ 18,264,000	$ 13,675,000

D. INCOME TAXES:

The Company's effective tax rate decreased to 39.8% for the three months ended September 26, 1998 from 43.7% for the three months ended September 27, 1997 and increased to 45.9% for the nine months ended September 26, 1998 from 43.7% for the nine months ended September 27, 1997. The following table reconciles the Company's federal statutory rate to the effective rate:

	Three Months Ended		Nine Months Ended	
	Sept 26, 1998	Sept 27, 1997	Sept 26, 1998	Sept 27, 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	(1.0)	-	2.1	-
Other	(2.3)	-	0.7	-
Effective tax rate	39.8%	43.7%	45.9%	43.7%

The changes in the Company's effective tax rate for both the three and nine 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 lower tax rate for the three months ended September 26, 1998 is due to a partial reversal of the provision recorded in the first quarter which assumed a greater loss on the marketable security than the loss that was realized upon disposition of the security in the second quarter.

E. COMPREHENSIVE INCOME:

The Company adopted the Statement of Financial Accounting Standard No. 130 "Reporting Comprehensive Income" (SFAS 130) in the first quarter of 1998. This standard requires disclosure of comprehensive income 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 September 26, 1998 and September 27, 1997 totaled $2,645,000 and $2,267,000, respectively. For the nine months ended September 26, 1998 and September 27, 1997, comprehensive income totaled $9,557,000 and $4,806,000, respectively.

	FOR THREE MONTHS ENDED SEPTEMBER 26, 1998		FOR THREE MONTHS ENDED SEPTEMBER 27, 1997	
Net income		$2,637,000		$ 3,248,000
Other comprehensive income, net of tax:				
Foreign currency translation adjustments		$ 8,000		$ 37,000
Unrealized losses on security:				
Unrealized holding loss arising during period	$ -		$(1,018,000)	
Plus: reclassification adjustments for capital (gains) included in net income	$ -	$ -	$ -	$(1,018,000)
Other comprehensive income		$ 8,000		$ (981,000)
Comprehensive income		$2,645,000		$ 2,267,000

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

E. COMPREHENSIVE INCOME: (CONTINUED):

	FOR NINE MONTHS ENDED SEPTEMBER 26, 1998		FOR NINE MONTHS ENDED SEPTEMBER 27, 1997	
Net income		$7,044,000		$ 6,263,000
Other comprehensive income, net of tax:				
Foreign currency translation adjustments		$ 290,000		$ (31,000)
Unrealized losses on security:				
Unrealized holding gain (loss) arising during period	$ 788,000		$(1,426,000)	
Plus: reclassification adjustments for capital losses included in net income	$1,435,000	$2,223,000	$ -	$(1,426,000)
Other comprehensive income		$2,513,000		$(1,457,000)
Comprehensive income		$9,557,000		$ 4,806,000

F. EARNINGS PER SHARE:

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

	(in thousands)			
	Three months ended		Nine months ended	
	Sept 26, 1998	Sept 27, 1997	Sept 26, 1998	Sept 27, 1997
Net income...........................	$ 2,637	$ 3,248	$ 7,044	$ 6,263
Shares used in net earnings per common share - basic................	20,495	20,425	20,481	20,283
Dilutive effect on potential common shares	78	132	98	180
Shares used in net earnings per common share - diluted..............	20,573	20,557	20,579	20,463
Earnings per common share - basic.....	$ 0.13	$ 0.16	$ 0.34	$ 0.31
Earnings per common share - diluted....	$ 0.13	$ 0.16	$ 0.34	$ 0.31

G. NEW ACOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133). This statement requires that all derivative financial instruments be reflected on the balance sheet at fair value, with changes in fair value recognized periodically in earnings or as a component of equity, depending on the nature of the underlying instrument being hedged. In the event that an entity does not effectively hedge against the underlying derivative, changes in the fair market value of the underlying derivative will be recognized currently in the income statement. SFAS 133 is required to be adopted no later than the beginning of fiscal year 2000. Management is currently evaluating the effects that this statement is expected to have on the Company's financial statements.

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

The following is a discussion of the financial condition and results of operations of the Company for the three and nine-month periods ended September 26, 1998 as compared to the three and nine-month periods ended September 27, 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 SEPTEMBER 26, 1998 COMPARED TO THREE MONTHS ENDED SEPTEMBER 27, 1997

SALES. Volume decreased by 13.2% to 310,000 barrels in the three months ended September 26, 1998 from 357,000 barrels in the three months ended September 27, 1997. This decrease is due mainly to discontinued and decreased contract brewing arrangements with third parties for products produced in the Company's Cincinnati brewery. This reduced volume accounted for approximately 35,000 barrels. The remaining decline in volume is a result of a decrease in sales from the Samuel Adams year round styles and Oregon Original line, partially offset by an increase in Samuel Adams Boston Lager, Samuel Adams seasonals and Hardcore cider. Net sales decreased by 6.6% to $45,373,000 in the three-month period ended September 26, 1998 from $48,617,000 in the three-month period ended September 27, 1997. The decrease in net sales was due to the Company's reduced volume and to a lesser extent the packaging shift from six packs to twelve packs. Twelve packs are a promotional package and sell for a lower per unit net price.

GROSS PROFIT. Gross profit decreased by 9.2% to $24,178,000 in the three months ended September 26, 1998 from $26,617,000 in the three months ended September 27, 1997. Cost of sales increased to 46.7% of net sales in the three months ended September 26, 1998 from 45.3% in the three months ended September 27, 1997. This is primarily due to an increase in depreciation expense, an accrual for pallet liability caused by the discontinuance of a packaging supplier and an increase in deposit items returned by distributors. Offsetting these increases are continued favorable trends in raw material and packaging costs.

ADVERTISING, PROMOTIONAL AND SELLING. Advertising, promotional and selling expenses remained stable at $17,382,000 in the three months ended September 26, 1998 compared to $17,415,000 in the three months ended September 27, 1997. As a percentage of net sales, total advertising, promotional and selling expenses increased to 38.3% in the three months ended September 26, 1998 from 35.8% in the three months ended September 27, 1997. Although total spending was level, the Company incurred increased expenses in preparation of a new advertising campaign, which will be rolled out in the beginning of the fourth quarter. The Company anticipates a continued increase in advertising expense during the fourth quarter ended December 26, 1998.

GENERAL AND ADMINISTRATIVE. General and administrative expenses decreased by 10.9% to $2,842,000 in the three months ended September 26, 1998 from $3,190,000 in the three months ended September 27, 1997. As a percentage of net sales, general and administrative expenses decreased to 6.3% for the three months ended September 26, 1998 from 6.6% for the three months ended September 27, 1997. This decrease is due to cost savings in consulting, employee and legal related charges.

OPERATING INCOME. Operating income decreased by 34.2% to $3,953,000 in the three months ended September 26, 1998 from $6,012,000 in the three months ended September 27, 1997. This decrease was caused by the Company's reduction in its contract volume, reduced volume from its core brands and the increase in cost of sales.

OTHER INCOME (EXPENSE), NET: Other income (expense) net, was $426,000 for the three months ended September 26, 1998, versus ($243,000) for the three months ended September 27, 1997. This increase is due in part to additional interest income the Company earned in the three months ended September 26, 1998. Also, other expense in 1997 was adversely affected by a repurchase of an overseas distribution right.

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

NET INCOME. Net income decreased by 18.8% to $2,636,000 in the three months ended September 26, 1998 from $3,248,000 in the three months ended September 27, 1997. The decrease is primarily due to reduced contract and core volume and an increase in cost of sales. Income tax expense decreased to 39.8% of pretax income or $1,743,000 for the three months ended September 26, 1998 from 43.7% of pretax income or $2,521,000 for the three months ended September 27, 1997. The Company recorded a loss of $1,435,000 on the disposition of a marketable equity security during the second quarter of 1998. The Company does not anticipate that it will be able to fully realize the tax benefit associated with this loss. In the first quarter, the Company recorded a tax provision that assumed a greater loss than was realized. The lower tax rate for the current quarter reflects the partial reversal of the provision recorded in the first quarter.

NINE MONTHS ENDED SEPTEMBER 26, 1998 COMPARED TO NINE MONTHS ENDED SEPTEMBER 27, 1997

SALES. Sales volume decreased by 8.0% to 943,000 barrels in the first nine months of 1998 from 1,025,000 barrels in the first nine months of 1997. This decrease is due to discontinued and decreased contract brewing arrangements with third parties for products produced in the Company's Cincinnati brewery. Net sales decreased to $137,151,000 in the first nine months of 1998 from $140,309,000 in the first nine months of 1997. The decrease is due to the Company's reduced contract volume and a packaging shift from the six pack package to the twelve pack package. Net sales price per barrel increased 6.2% due primarily to the reduction in the contract volume which is sold at lower prices than the Company's core products and also increased pricing across the Company's Samuel Adams product line during 1998. Additionally, there has been a shift in the packaging mix from keg sales to bottles which generate higher revenues per barrel.

GROSS PROFIT. Gross profit increased by 0.8% to $72,297,000 in the first nine months of 1998 from $71,731,000 in the first nine months of 1997. Cost of sales decreased to 47.3% of net sales in the first nine months of 1998 from 48.9% of net sales in the first nine months of 1997. This decrease is primarily due to a favorable trend in raw material and packaging costs.

ADVERTISING, PROMOTIONAL AND SELLING. Advertising, promotional, and selling expenses decreased by 4.8% to $49,316,000 in the first nine months of 1998 from $51,802,000 in the first nine months of 1997. As a percentage of net sales, total advertising, promotional, and selling expenses decreased to 36.0% in the first nine months of 1998 from 36.9% in the first nine months of 1997. This decrease was primarily attributable to reduced employee-related expenses, point of sale-related expenses, and promotional spending, partially offset by an increase in advertising expenses. Point of sale spending was reduced during the first two quarters in contemplation of the introduction of the Company's new logo. The Company anticipates an increase in promotional spending during the fourth quarter, continuing the trend which began in the third quarter. During

1998, the Company changed advertising firms and is currently in the process of rolling out a new advertising campaign. The Company anticipates continued increases in advertising expenditures during the fourth quarter ending December 26, 1998.

GENERAL AND ADMINISTRATIVE. General and administrative expenses for the nine months ended September 26, 1998 are comparable to that for the nine months ended September 27, 1997. The Company experienced cost savings in consulting fees which were offset by the inclusion of an additional two months of expense incurred by the Company's Cincinnati brewery. Since the Company purchased the brewery on March 1, 1997 the additional general and administrative expense incurred by the acquisition only included seven months for the comparable 1997 period.

OPERATING INCOME. Operating income increased by 27.9% to $13,701,000 in the first nine months ended September 26, 1998 from $10,713,000 in the first nine months ended September 27, 1997. This increase is due to the decrease in cost of sales and reduced selling and promotional spending.

OTHER INCOME (EXPENSE), NET: Other income (expense) net, was ($668,000) for the first nine months of 1998 as compared to $411,000 for the first nine months of 1997. This change is due to the loss of $1,435,000 on the sale of a marketable security that was recognized upon disposition of the security in 1998, partially offset by an increase in interest income.

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

NET INCOME. Net income increased by 12.5% to $7,044,000 in the first nine months of 1998 compared to $6,263,000 in the first nine months of 1997. The increase is primarily due to 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 45.9% of pretax income or $5,989,000 for the nine months ended September 26, 1998 from 43.7% of pretax income or $6,263,000 for the nine months ended September 27, 1997. This increase in the tax rate is due to the loss on the sale of the marketable security that was recognized for financial statement purposes during 1998, but from which the Company does not expect to be able to fully realize the tax benefit..

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents increased to $11,558,000 at September 26, 1998 from $13,000 at December 27, 1997 and $0 at September 27, 1997. This significant increase in cash is primarily due to cash provided by operating activities of $17,502,000 for the nine months ended September 26, 1998 as compared to cash utilized in operating activities of $2,448,000 for the nine months ended September 27, 1997. The primary source of cash flow during the nine months ended September 26, 1998 was generated from net income of $7,044,000 as compared to net income of $6,263,000 for the nine months ended September 27, 1997. Adjustments to reconcile net income to net cash provided by operating activities during 1998 were primarily comprised of depreciation expense, the amortization of a long term deferred contract incentive, and the realized loss on the marketable security that was disposed of in the second quarter. This was partially offset by an increase in inventory, primarily due to the purchase of hops which exceeded the hop usage during the nine months.

Cash provided by operating activities during the first nine months of 1998 was partially offset by cash utilized in investing activities of $6,053,000 as compared to cash utilized in investing activities of $15,663,000 for the nine months ended September 27, 1997. The Company purchased $4,770,000 of equipment during the nine months ended September 26, 1998 as compared to $15,042,000 for the nine months ended September 27, 1997. The difference is primarily due to the acquisition of the Cincinnati brewery on March 1, 1997 and the purchase of additional sankey kegs during 1997. Additionally, the Company utilized $4,134,000 for net purchases of short term investments during 1998, which was partially offset by proceeds from the sale of a marketable security of $2,851,000.

Net cash provided by financing activities decreased to $109,000 for the nine months ended September 26, 1998 from $13,051,000 for the nine months ended September 27, 1997. This decrease is primarily due to net borrowings under existing lines of credit of $14,275,000 in the prior year as compared to $0 in the current year. As of September 26, 1998, $10,000,000 is outstanding which is unchanged from the balance outstanding at December 27, 1997.

The Company believes that working capital of $62,021,000 as of September 26, 1998 (of which 79.7% is comprised of 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.

Management is in the process of evaluating alternative programs for investing the Company's substantial cash balance.

NEW ACCOUNTING PRONOUNCEMENT

In June 1998, the Financial Accounting Standards Board issued Statement of Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133). This statement requires that all derivative financial instruments be reflected on the balance sheet at fair value, with changes in fair value recognized periodically in earnings or as a component of equity, depending on the nature of the underlying instrument being hedged. In the event that an entity does not effectively hedge against the underlying derivative, changes in the fair market value of the underlying derivative will be recognized currently in the income statement. SFAS 133 is required to be adopted no later than the beginning fiscal year 2000. Management is currently evaluating the effects that this statement is expected to have on the Company's financial statements.

The Company has entered into purchase commitments to ensure it has the necessary supply of hops to meet future requirements. The Company's hops purchase commitments are denominated in German marks or English pounds, depending upon the location of the supplier. The Company has entered into forward contracts in the past in efforts to hedge foreign currency risk associated with these purchase commitments. There are no forward contracts existing as of September 26, 1998. Future hedging practices, if any, will directly affect the impact that Statement of Financial Accounting Standard No. 133 (SFAS 133) will have on the Company's financial statements. Management is in the process of evaluating its hedging practices for future periods.

YEAR 2000

As has been widely publicized, many computer systems and microprocessors are not programmed to accommodate dates beyond the year 1999. The Company's exposure to this year 2000 ("Y2K") problem comes not only from its own internal computer systems and microprocessors, but also from the systems and microprocessors of its key vendors, including by way of illustration its contract breweries, raw material suppliers, utility companies, payroll services and banks, and its distributors and other customers. A failure of any of these internal or external systems could adversely affect the Company's ability to brew, package, sell, ship and bill for product and to collect invoices and account for collections. In effect, any significant computer failure could have a material, adverse effect on the Company's operations. With this in mind, the Company has commenced a comprehensive review of potential Y2K issues, both with respect to the Company's internal systems and those of third parties with which it has significant relationships.

The Company currently believes that all of its internal systems will be year 2000 compliant by the end of the first quarter of 1999. This belief is based on its own internal evaluations and testing and on assurances from its systems vendors. Current estimates are that the total cost to achieve internal year 2000 compliance, other than at the Company's Cincinnati brewery, will not exceed $125,000, exclusive of amounts to be expended on contingency plans. None of the $125,000 has yet been spent. This $125,000 anticipated upgrade cost is in addition to other planned information technology ("IT") projects. While the intensive effort expected to achieve Y2K compliance has caused and may continue to cause delays in other IT projects, the Company does not expect that any of these delays will have a significant effect on the Company's business or that any of the Company's other IT projects will be canceled or postponed to pay for the Y2K upgrades.

The Company is currently evaluating all of its microprocessors and control systems at its Cincinnati brewery in light of the Y2K problem. As part of this process, the Company is conducting an inventory of the brewery's automated machinery and other computerized equipment and will be contacting applicable vendors for information regarding Y2K compliance. The Company will then upgrade or otherwise modify the brewery's microprocessors and control systems, to the extent necessary, and the Company will develop applicable contingency plans. Testing of all brewery systems should be completed by the end of the first quarter of 1999. Preliminary estimates of the cost to bring all brewery systems into Y2K compliance do not exceed $150,000, but a more accurate estimate will not be possible until all brewery equipment has been identified and evaluated. Process controls at the brewery are integral to the brewery's operations. A failure of any of these controls could adversely affect the Company's ability to continue brewing operations; however, because many of the brewing processes can be controlled manually, the actual risk that the Company will be unable to brew is low. In addition, the Company currently plans to shut the brewery down for the first several days of January 2000 for testing purposes and will be able to operate much of the brewery equipment manually, if necessary for product supply reasons.

The Company relies extensively on its suppliers and contract breweries. Because their systems are not directly under the Company's control, the Company is at risk that all required external Y2K compliance efforts will not be completed on time and significant business disruptions will result. The Company has formed a committee to assure that all vendor and other relationship Y2K issues are analyzed and addressed. Under the direction of this committee, the Company has compiled a list of all of its vendors and, as to each vendor, assessed the impact that a Y2K failure would likely have on the Company's business and operations. The Company then sent a Y2K questionnaire to each vendor believed to present a possibly critical risk, in order to ascertain the Y2K compliance status of each. The Company is currently in the process of compiling and analyzing the information submitted by these vendors. To date, questionnaires have been sent to 37 critical vendors. Of these, 28 vendors have

responded, all have asserted that they are addressing the Y2K problem or are already in compliance. The Company intends to continue to pursue vendors who have not as yet responded, and to monitor the progress toward compliance of those not yet compliant. The Company intends to issue questionnaires to non-critical vendors in the coming months.

In addition to obtaining and assessing information concerning vendor Y2K status, the Company is requiring all new vendors and all existing vendors entering into new contracts with the Company to warrant Y2K compliance. Management understands the potentially serious consequences of a system failure and also understands that not all vendors may be Y2K compliant on time. For this reason, the Company is developing contingency plans for all critical services and supplies. As part of this contingency planning, the Company is assessing the cost of vendor shutdown, understanding that, because of the complex nature of the Company's supply chain and the lack of clarity as to the effect of multiple vendor failure, any assessment process is imprecise.

The Company believes that the most significant threats to its ability to operate are presented by possible disruptions of brewing operations at its contract breweries, and its supply of glass and malt. Because the Company brews its products at multiple facilities, Management believes that it has significant operating risk only if more than one of these facilities is unable to produce. In addition, Management expects that, as is the case with the Company's Cincinnati brewery, in the event of a system failure at a contract brewery, the brewery would be able to recommence operations fairly rapidly, but on an inefficient, manual basis.

A systems failure at the Company's glass supplier could significantly affect the Company's ability to package and ship product. The Company's current supplier is one of the world's largest and the Company believes that finding alternate sources of supply would be problematic. Because of the nature of this risk, the Company has worked closely with its supplier on this issue and has received assurances that Y2K compliance will be achieved on time. A similar situation exists with respect to malt. If the Company's supply of malt were interrupted, the Company's ability to meet production schedules could be affected, although alternate sources of supply might be available, albeit at a higher cost. The Company also believes that its current vendors could run the malting process manually and that, accordingly, the risk of a significant disruption is slight.

In the unlikely event that the Company is unable to produce or ship any product (the "Worst Case"), the Company estimates its financial exposure to be in the range of $4.3 million per week of lost revenue, over the short term. Using forward planning ratios, this lost revenue translates into lost variable gross profit, in the absence of mitigating cost cutting, of $1.7 million per week. A production disruption for an extended period is likely to affect the availability of the Company's products to consumers, leading to a decline in brand equity, the financial consequences of which are not susceptible to estimation. The Company does not expect to encounter the Worst Case. The financial consequences of a less significant disruption are difficult to predict, as they will depend on the exact circumstances and duration of the disruption.

It is possible that the conclusions reached by the Company from its analysis to date will change, with the result that the cost estimates and target completion dates outlined above will change. The Company will continue to explore contingency plans, so as to be in a position to mitigate the consequences of any disruption.

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.

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

Not Applicable

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).

PART II. OTHER INFORMATION (CONTINUED)

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

Exhibit Index (CONTINUED)

EXHIBIT NO.	TITLE
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).
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).

PART II. OTHER INFORMATION (CONTINUED)

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

Exhibit Index (CONTINUED)

EXHIBIT NO.	TITLE
+10.12	Amended and Restated Agreement between Pittsburgh Brewing Company and Boston Brewing Company, Inc. dated as of February 28, 1989 (incorporated by reference to Exhibit 10.11 to the Company's Registration Statement No. 33-96164).
10.13	Amendment to Amended and Restated Agreement between Pittsburgh Brewing Company, Boston Brewing Company, Inc., and G. Heileman Brewing Company, Inc., dated December 13, 1989 (incorporated by reference to Exhibit 10.12 to the Company's Registration Statement No. 33-96162).
+10.14	Second Amendment to Amended and Restated Agreement between Pittsburgh Brewing Company and Boston Brewing Company, Inc. dated as of August 3, 1992 (incorporated by reference to Exhibit 10.13 to the Company's Registration Statement No. 33-96164).
+10.15	Third Amendment to Amended and Restated Agreement between Pittsburgh Brewing Company and Boston Brewing Company, Inc. dated December 1, 1994 (incorporated by reference to Exhibit 10.14 to the Company's Registration Statement No. 33-96164).
10.16	Fourth Amendment to Amended and Restated Agreement between Pittsburgh Brewing Company and Boston Brewing Company, Inc. dated as of April 7, 1995 (incorporated by reference to Exhibit 10.16 to the Company's Registration Statement No. 33-96162).
+10.17	Letter Agreement between Boston Beer Company Limited Partnership and Joseph E. Seagram & Sons, Inc. (incorporated by reference to Exhibit 10.17 to the Company's Registration Statement No. 33-96162).
10.18	Services Agreement and Fee Schedule of Mellon Bank, N.A. Escrow Agent Services for The Boston Beer Company, Inc. dated as of October 27, 1995 (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).

PART II. OTHER INFORMATION (CONTINUED)

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

Exhibit Index (CONTINUED)

EXHIBIT NO.	TITLE
+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).
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 (incorporated by reference to the Company's Form 10-Q, filed on August 10, 1998).
10.31	Extension letters, dated April 13, 1998, April 27, 1998, June 11, 1998, June 25, 1998 and July 20, 1998 between The Stroh Brewery Company and Boston Brewing Company, Inc. (incorporated by reference to the Company's Form 10-Q, filed on August 10, 1998).
*10.32	Extension letters, dated July 31, 1998, August 28, 1998, September 28, 1998, October 13, 1998, October 20, 1998 and October 23, 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).

PART II. OTHER INFORMATION (CONTINUED)

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

Exhibit Index (CONTINUED)

* 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.

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: Nov 4, 1998	By: /s/: C. JAMES KOCH
	C. James Koch President, Chief Executive Officer, Clerk and Director (principal executive officer)
Date: Nov 4, 1998	By: /s/: ALFRED W. ROSSOW, JR.
	Alfred W. Rossow, Jr. Executive Vice President, Chief Financial Officer, Treasurer and Director (principal financial officer)
Date: Nov 4, 1998	By: /s/: RICHARD P. LINDSAY
	Richard P. Lindsay Vice President of Finance and Controller (principal accounting officer)

Exhibit 10.32

July 31, 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, JUNE 25, 1998 AND JULY 20, 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 "August 3, 1998" are hereby deleted and substituted with "August 31, 1998".

2. All references in the Production Agreement to a termination date of "February 5, 1999", including the reference contained in Section 6(a) of the Production Agreements are hereby deleted and substituted with "March 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:

Martin F. Roper, Vice President

ACCEPTED AND AGREED TO THIS 3RD DAY OF AUGUST, 1998.
THE STROH BREWING COMPANY

BY:

Christopher T. Sortwell, Senior Vice President, Finance

August 28, 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, JUNE 25, 1998, JULY 20, 1998 AND JULY 31, 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 "August 31, 1998" are hereby deleted and substituted with "September 30, 1998".

2. All references in the Production Agreement to a termination date of "March 5, 1999", including the reference contained in Section 6(a) of the Production Agreement are hereby deleted and substituted with "April 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: __________________________________
Martin F. Roper, Vice President

ACCEPTED AND AGREED TO THIS ____ DAY OF AUGUST, 1998.
THE STROH BREWERY COMPANY

By: ____
Christopher T. Sortwell, Senior Vice President, Finance

September 28, 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, JUNE 25, 1998, JULY 20, 1998, JULY 31, 1998, AND AUGUST 28, 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 "September 30, 1998" are hereby deleted and substituted with "October 15, 1998".

2. All references in the Production Agreement to a termination date of "April 5, 1999", including the reference contained in Section 6(a) of the Production Agreements are hereby deleted and substituted with "April 20, 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:

Martin F. Roper, Vice President

ACCEPTED AND AGREED TO THIS ___ DAY OF SEPTEMBER, 1998

THE STROH BREWING COMPANY

BY:

Christopher T. Sortwell, Senior Vice President, Finance

October 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, MARCH 11, 1998, APRIL 13, 1998, APRIL 27, 1998, JUNE 11, 1998, JUNE 25, 1998, JULY 20, 1998, JULY 31, 1998, AUGUST 28, 1998, AND SEPTEMBER 28, 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 "October 15, 1998" are hereby deleted and substituted with "October 21, 1998".

2. All references in the Production Agreement to a termination date of "April 20, 1999", including the reference contained in Section 6(a) of the Production Agreements are hereby deleted and substituted with "April 27, 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:

Martin F. Roper, Vice President

ACCEPTED AND AGREED TO THIS ___ DAY OF OCTOBER, 1998

THE STROH BREWERY COMPANY

BY: --
Christopher T. Sortwell, Senior Vice President, Finance

October 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, JUNE 25, 1998, JULY 20, 1998, JULY 31, 1998, AUGUST 28, 1998, SEPTEMBER 28, 1998, AND OCTOBER 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 "October 21, 1998" are hereby deleted and substituted with "October 23, 1998".

2. All references in the Production Agreement to a termination date of "April 27, 1999", including the reference contained in Section 6(a) of the Production Agreements are hereby deleted and substituted with "April 29, 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: -------------------------------
Martin F. Roper, Vice President

ACCEPTED AND AGREED TO THIS ___ DAY OF OCTOBER, 1998

THE STROH BREWERY COMPANY

BY: --
Christopher T. Sortwell, Senior Vice President, Finance

October 23, 1998

THE STROH BREWERY COMPANY
100 River Place
Detroit, MI 48207

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

RE: PRODUCTION AGREEMENT, DATED JANUARY 14, 1997, BETWEEN THE STROH BREWERY COMPANY ("STROH") AND BOSTON BEER COMPANY LIMITED PARTNERSHIP ("BOSTON BEER") (THE "PRODUCTION AGREEMENT), LETTER AGREEMENT DATED JANUARY 14, 1997, BETWEEN STROH AND BOSTON BEER ("LETTER AGREEMENT") AND EXTENSION LETTERS, DATED AUGUST 19, 1997, NOVEMBER 19, 1997, DECEMBER 19, 1997, JANUARY 22, 1998, FEBRUARY 25, 1998, MARCH 11, 1998, APRIL 13, 1998, APRIL 27, 1998, JUNE 11, 1998, JUNE 25, 1998, JULY 20, 1998, JULY 31, 1998, AUGUST 28, 1998, SEPTEMBER 28, 1998, OCTOBER 13, 1998, AND OCTOBER 20, 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 "October 23, 1998" are hereby deleted and substituted with "November 6, 1998".

2. All references in the Production Agreement to a termination date of "April 29, 1999", including the reference contained in Section 6(a) of the Production are hereby deleted and substituted with "May 13, 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:

Martin F. Roper, Vice President

ACCEPTED AND AGREED TO THIS 23RD DAY OF OCTOBER, 1998
THE STROH BREWERY COMPANY

BY:

Christopher T. Sortwell, Senior Vice President, Finance

<ARTICLE> 5
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SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BOSTON BEER COMPANY, INC.'S
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</FN>