

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 March 27, 1999

OR

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

For the transition period fromto.....

Commission file number: 1-14092

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

MASSACHUSETTS
(State or other jurisdiction of incorporation
or organization)

04-3284048
(I.R.S. Employer
Identification No.)

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

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

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

Yes X No
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Number of shares outstanding of each of the issuer's classes of common stock, as of May 3, 1999:

Class A Common Stock, \$.01 par value	16,415,010
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
MARCH 27, 1999

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

	March 27, 1999	December 26, 1998
	-----	-----
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 7,054	\$ 8,650
Short-term investments	45,307	45,256
Accounts receivable, net of the allowance for		
doubtful accounts of \$1,313 and \$1,309, respectively	15,138	12,062
Inventories	15,951	15,835
Prepaid expenses	657	1,125
Deferred income taxes	4,511	4,511
Other current assets	839	2,037
	-----	-----
Total current assets	89,457	89,476
Equipment and leasehold improvements, net of	27,493	28,165
accumulated depreciation of \$16,788 and \$15,460,		
respectively		
Other assets	4,974	5,048
	-----	-----
Total assets	\$ 121,924	\$ 122,689
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:		
Accounts payable	\$ 8,670	\$ 13,194
Accrued expenses	14,783	14,233
Current maturities of long-term debt	10,000	10,000
	-----	-----
Total current liabilities	33,453	37,427
Long-term deferred taxes	1,116	1,116
Other long-term liabilities	1,985	2,118
Stockholders' Equity:		
Class A Common Stock, \$.01 par value; 22,700,000 shares authorized; 16,415,010 and 16,394,245 issued and outstanding as of March 27, 1999 and December 26, 1998, respectively	164	164
Class B Common Stock, \$.01 par value; 4,200,000 shares authorized; 4,107,355 issued and outstanding	41	41
Additional paid-in-capital	56,687	56,548
Unearned compensation	(246)	(219)
Unrealized loss on short-term investments	-	(1)
Retained earnings	28,724	25,495
	-----	-----
Total stockholders' equity	85,370	82,028
	-----	-----
Total liabilities and stockholders' equity	\$ 121,924	\$ 122,689
	=====	=====

The accompanying notes are an integral part of the consolidated 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	
	March 27, 1999	March 28, 1998
	-----	-----
Sales	\$ 45,532	\$ 51,660
Less excise taxes	4,682	5,334
	-----	-----
Net sales	40,850	46,326
Cost of sales	18,077	22,506
	-----	-----
Gross profit	22,773	23,820
Operating expenses:		
Advertising, promotional and selling expenses	14,768	13,540
General and administrative expenses	2,909	3,224
	-----	-----
Total operating expenses	17,677	16,764
	-----	-----
Operating income	5,096	7,056
	-----	-----
Other income (expense):		
Interest income	561	466
Interest expense	(145)	(170)
Other income (expense), net	24	(2,556)
	-----	-----
Total other income	440	(2,260)
	-----	-----
Income before provision for income taxes	5,536	4,796
Provision for income taxes	2,307	2,720
	-----	-----
Net income	\$ 3,229	\$ 2,076
	=====	=====

Earnings per share - basic	\$ 0.16	\$ 0.10
	=====	=====
Earnings per share - diluted	\$ 0.16	\$ 0.10
	=====	=====
Weighted average shares - basic	20,513	20,459
	=====	=====
Weighted average shares - diluted	20,574	20,551
	=====	=====

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

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

	Three months ended	
	March 27, 1999	March 28, 1998
	-----	-----
Cash flows from operating activities:		
Net income	\$ 3,229	\$ 2,076
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,403	1,225
Loss on disposal of fixed assets	(30)	-
Loss on write-down of marketable equity security	-	2,317
Bad debt expense	-	58
Stock option compensation expense	25	59
Changes in assets and liabilities:		
Accounts receivable	(3,147)	(3,713)
Inventory	(116)	1,020
Prepaid expenses	468	2,699
Other current assets	1,284	(38)
Other assets	(91)	79
Accounts payable	(3,824)	(1,631)
Accrued expenses	(150)	(2,857)
	-----	-----
Net cash (used in) / provided by operating activities	(949)	1,294
	-----	-----
Cash flows for investing activities:		
Purchases of fixed assets	(712)	(2,198)
Net (purchases)/maturities of short-term investments	(50)	(438)
Proceeds received from sale of fixed assets	100	-
	-----	-----
Net cash used in investing activities	(662)	(2,636)
	-----	-----
Cash flows from financing activities:		
Proceeds from exercise of stock options	-	37
Proceeds from sale of shares under Investment Share plan	15	75
Repurchase of shares under the Equity Plan	-	(5)
Net borrowings under line of credit	-	1,517
	-----	-----
Net cash provided by financing activities	15	1,624
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(1,596)	282
Cash and cash equivalents at beginning of period	8,650	13
	-----	-----
Cash and cash equivalents at end of period	\$ 7,054	\$ 295
	=====	=====
Supplemental disclosure of cash flow information:		
Interest paid	\$ 150	\$ 193

Income taxes paid

=====	=====
\$ 1,030	\$ 47
=====	=====

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

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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 financial position as of March 27, 1999 and the results of its consolidated operations and consolidated cash flows for the quarter ended March 27, 1999 and March 28, 1998 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 for complete financial statements by generally accepted accounting principles and should be read in conjunction with the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 26, 1998.

Management's Opinion

In the opinion of the Company's management, the Company's unaudited consolidated financial position as of March 27, 1999 and the results of its consolidated operations and consolidated cash flows for the interim periods ended March 27, 1999 and March 28, 1998, 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 March 27, 1999, short-term investments consists of investments in high-quality money market instruments, United States agency securities, United States Treasury bills and high-grade commercial paper. The cost of short-term investments of \$45.3 million as of both March 27, 1999 and December 26, 1998, approximates fair market 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):

	March 27, 1999	December 26, 1998
Raw materials, principally hops	\$14,709	\$14,464
Work in process	675	778
Finished goods	567	593
	-----	-----
	\$15,951	\$15,835
	=====	=====

D. INCOME TAXES

The Company's effective tax rate decreased to 41.7% for the three months ended March 27, 1999 from 56.7% for the three months ended March 28, 1998. The 1998 effective tax rate reflects a capital loss on a marketable security; the Company does not expect to fully realize the tax benefit associated with this capital loss. There were no such losses recognized during 1999.

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

E. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share in accordance with Statement of Financial Accounting Standard No. 128.

	For the three months ended (in thousands, except per share data)	
	March 27, 1999	March 28, 1998
Net income	\$ 3,229	\$ 2,076
Shares used in earnings per common share - basic	20,513	20,459
Dilutive effect of common equivalent shares	61	92
Shares used in earnings per common share - diluted	20,574	20,551
Earnings per common share - basic	\$.16	\$.10
Earnings per common share - diluted	\$.16	\$.10

F. COMPREHENSIVE INCOME:

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

	For the three months ended (in thousands)	
	March 27, 1999	March 28, 1998
Net income	\$3,229	\$2,076
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	-	32
Unrealized loss on security:		
Unrealized holding losses arising during period	-	(94)
Plus: reclassification adjustments for capital losses included in net income	1	2,317
Other comprehensive income	1	2,255
Comprehensive income	\$3,230	\$4,331

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

For the three months ended
(in thousands)

	March 27, 1999	March 28, 1998
Beginning Balance	\$ (1)	\$ (2,513)
Unrealized gain on forward exchange contract	-	32
Unrealized gain on short-term investments	-	(94)
Realized loss on marketable equity security	1	2,317
Ending balance	\$ -	\$ 258

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

G. SUBSEQUENT EVENTS

As of March 31, 1999, the Company repaid the entire \$10.0 million outstanding under the existing \$30.0 million line of credit ("the \$30.0 million line"). The existing credit agreement, which was originally entered into on March 21, 1997 and provides for a \$15.0 million line of credit ("the \$15.0 million line") and a \$30.0 million line, was amended on March 30, 1999. Per the amended agreement, future borrowings, if any, on the \$30.0 million line converts to a term loan on March 31, 2002 and the \$15.0 million line expires on March 31, 2004. The Company must continue to pay a commitment fee of .15% per annum on the average daily unused portion of the total \$45.0 million commitment. Additionally, the Company is obligated to meet certain financial covenants, including the maintenance of specified levels of tangible net worth and net income. The Company was in compliance with all such covenants as of March 27, 1999.

Effective April 30, 1999, the Stroh Brewery Company ("Stroh") sold a majority of its beer brands and the Allentown Brewery to Pabst Brewing Company ("Pabst") and certain of its brands to Miller Brewing Company ("Miller") (collectively, the "Stroh Transactions"). The Company brews approximately 40% of its production at Stroh's Allentown Brewery and Portland Brewery (the "Stroh Breweries"). Pabst has agreed to assume Stroh's obligations under the existing brewing contract between the Company and Stroh; Miller has agreed to guarantee Pabst's performance. The Company's volume brewed at the Allentown Brewery is anticipated to remain substantially unchanged as a result of the Stroh Transactions. The Company anticipates that the volume currently brewed at the Portland Brewery will be transferred to a Pabst or Miller-owned brewery during 1999. The Company has completed, to its satisfaction, detailed inspections of the potential breweries that are likely to assume the volume that is currently brewed at the Portland Brewery. The Company does not anticipate any significant problems during the transition period or thereafter, as a result of the Stroh Transactions, and does not believe that it will have a material effect on its results of operations, statement of financial position or statement of cash flows during 1999.

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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-month period ended March 27, 1999 as compared to the three-month period ended March 28, 1998. This discussion should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations, Consolidated Financial Statements of the Company and Notes thereto included in the Form 10-K for the fiscal year ended December 26, 1998.

RESULTS OF OPERATIONS

Three Months Ended March 27, 1999 compared to Three Months Ended March 28, 1998

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

Net sales. Net sales decreased by \$5.5 million or 11.8% to \$40.9 million for the three months ended March 27, 1999 as compared to the three months ended March 28, 1998. The decline is primarily due to a decrease in volume.

Volume. Volume decreased by 13.8% to 268,000 barrels in the three months ended March 27, 1999 from 311,000 barrels in the three months ended March 28, 1998. This decrease was primarily due to a decline in sales of year-round beer styles and a decline in the production of non-core products, partially offset by an increase in the sales of seasonal beer styles.

Total volume for Boston Beer's core brands decreased by 10.1% to 257,000 barrels for the quarter ended March 27, 1999 as compared to 286,000 barrels for the quarter ended March 28, 1998. The decline in volume is a function of both increased competition from imported beers and a more mature market that is less inclined to sample new styles. The Company continuously evaluates the performance of its various beer and cider brands and the rationalization of its product line, as a whole. The Company discontinued certain year-round beer styles between April 1998 and December 1998, thereby contributing to the decline in volume.

Volume relating to non-core products declined approximately 56%, representing approximately 31% of the total decline. Volume relating to non-core products was 11,000 barrels for the quarter ended March 27, 1999 as compared to 25,000 barrels for the quarter ended March 28, 1998. Management anticipates a continued decline in volume relating to non-core products.

Selling Price. The selling price per barrel increased by \$3.06 or 2.0% to \$152.51 per barrel for the quarter ended March 27, 1999. This is due to a decline in sales of non-core products which have a lower selling price than core brands. The decline of shipments of non-core products improved average net sales per barrel by \$4.84, or 3.3%. This decline was partially offset by changes in the packaging mix of the core brands.

Significant changes in the packaging mix could have a material effect on sales per barrel. The Company packages its core brands in bottles and kegs. Assuming the same level of production, a shift in the mix from bottles to kegs would effectively decrease revenue per barrel, as the selling price per equivalent barrel is lower for kegs than for bottles. The ratio of kegs to bottles increased in core brands to 28.3% of total shipments relating to kegs in the three months ended March 27, 1999 from 26.4% for the same period last year.

Gross Profit. Gross profit increased to 55.7% as a percentage of net sales or \$84.97 per barrel for the quarter ended March 27, 1999, as compared to 51.4% as a percentage of net sales or \$76.59 per barrel for the quarter ended March 28, 1998. The increase in gross profit is primarily due to a decline in cost of sales. Cost of sales decreased by \$4.92 per barrel to 44.3% as a percentage of net sales or \$67.45 per barrel for the quarter ended March 27, 1999, as compared to 48.6% as a percentage of net sales or \$72.37 per barrel for the quarter ended March 28, 1998. This is primarily due to lower costs of certain raw materials, improvements in the production process at the Cincinnati Brewery, a decline in expenses related to excess hops inventory on-hand and purchase commitment contracts and a decline in barrels shipped related to non-core products.

Raw material costs were lower due to new contracts with certain vendors. The Company enters into limited term supply agreements with certain vendors in order to receive preferential pricing.

Expenses related to excess hops inventory and purchase commitment contracts decreased to \$250,000 for the quarter ended March 27, 1999 as compared to \$1.0 million for the quarter ended March 28, 1998. See "Hops Purchase Commitments" below for further discussion.

The gross profit margin on non-core products is significantly lower than for core brands. Therefore, a decline in the non-core product volume increased gross profit per equivalent barrel for the Company as a whole. The decline in volume relating to non-core products resulted in an increase in gross profit as a percentage of net sales by less than 1%.

Additional factors that affect gross profit include changes in the packaging and product mix. The Company packages its core brands in bottles and kegs. While gross profit as a percentage of net sales is higher for kegs than for bottles, the per equivalent barrel gross profit is higher for bottles than for kegs. Therefore, an increase in kegs as a percentage of volume while increasing the overall gross profit margin as a percentage of net sales, will deliver fewer gross profit dollars with which to run the business. In the first quarter of 1999 keg sales as a percentage of total equivalent barrels of core brands increased to 28.3% in the first quarter of 1999 from 26.4% in the first quarter of 1998, thereby contributing to an increase in gross profit as a percentage of net sales. The gross profit per equivalent barrel increased for kegs and bottles due primarily to decreases in cost of sales, as previously discussed.

Gross profit is not significantly affected by changes in brewing locations. The Company attempts to minimize total costs, including freight, by shifting production between plants. Effective March 31, 1999, the brewing contract between the Company and Pittsburgh Brewing Company expired. As of May 7, 1999, the Company had not entered into a new agreement with the Pittsburgh Brewing Company. The Company shifted production to other contract breweries and has not experienced a material impact on gross profit as a result of this shift in production. During 1999, production is expected to shift between plants as a result of the Stroh Transactions (see discussion below under "Stroh-Pabst-Miller Transactions"). The Company does not anticipate a material impact on gross profit as a result of the Stroh Transactions.

Advertising, promotional and selling. Advertising, promotional and selling expenses increased by \$1.2 million or 9.1% to \$14.8 million for the three months ended March 27, 1999 as compared to \$13.5 million for the three months ended March 28, 1998. As a percentage of net sales, advertising, promotional and selling expenses increased to 36.2% for the three months ended March 27, 1999 as compared to 29.2% for the same period last year, primarily due to higher point of sale and advertising expenditures. Increased point of sale expenses is largely due to the timing of the change in the Company's logo during 1998. The anticipation of the logo change resulted in a significant decline in purchases of promotional items during the three months ended March 28, 1998. Advertising expenses increased by 33.3% as compared to the same period last year as the Company continues to communicate its new advertising campaign which was launched during the third quarter of 1998. During the first quarter of 1998, the Company was in the process of developing a new campaign and as such, advertising expenses were lower. The Company has focused primarily on radio, billboards and trade print during the first quarter of 1999 and anticipates launching a new television campaign during 1999.

General and administrative. General and administrative expenses decreased by \$315,000 or 9.8% to \$2.9 million for the three months ended March 27, 1999 as compared to the same period last year. The decrease is primarily due to declines in salaries expense, bad debt expense and legal expense.

Interest income. Despite declining short-term rates, interest income increased by 20.4% to \$561,000 due to an increase in average cash and short-term investments to approximately \$51.8 million during the first quarter 1999 as compared to \$35.5 million during the first quarter 1998.

Interest expense. Interest expense decreased by 14.7% to \$145,000 for the three months ended March 27, 1999 from \$170,000 for the three months ended March 28, 1998. The decline is due to lower interest rates and lower average outstanding balances on the Company's \$15.0 million line of credit. There were no amounts

outstanding on this revolving line of credit during the three months ended March 27, 1999.

Other income (expense), net. Other income (expense), net increased by \$2.6 million to income of \$24,000 for the three months ended March 27, 1999 from an expense of \$2.6 million for same period last year. The significant expense recognized in the prior year was primarily due to the write-down of a marketable security of \$2.3 million. This security was sold during the second quarter of 1998 at a loss of \$1.4 million.

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Provision for income taxes. The effective income tax rate decreased to 41.7% for the three months ended March 27, 1999 from 56.7% for the three months ended March 28, 1998. The 1998 effective tax rate reflects a capital loss on a marketable security; the Company does not expect to fully realize the tax benefit associated with this capital loss. There were no such losses recognized during 1999.

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial condition continued to be strong during the first quarter of 1999. Cash and short-term investments decreased to \$52.4 million as of March 27, 1999 from \$53.9 million as of December 26, 1998.

The Company used \$949,000 in operating activities during the three months ended March 27, 1999 as compared to net cash provided by operating activities of \$1.3 million for the three months ended March 28, 1998. Cash used for operating activities during the three months ended March 27, 1999 represents adjusted net income of \$4.6 million (adjusted primarily for depreciation and amortization of \$1.4 million), offset by an increase in current net assets of \$5.6 million. The change in current net assets is primarily due to an increase in accounts receivable coupled with a decline in accounts payable. This compares with adjusted net income of \$5.7 million for the same period last year (adjusted primarily for a loss on the write-down of a marketable equity security of \$2.3 million and depreciation and amortization of \$1.2 million), partially offset by an increase in current net assets of \$4.4 million. The effect of the change in current net assets as compared to the current period is primarily a result of the decline in inventory experienced during the prior period versus the slight build in inventory experienced during the three months ended March 27, 1999.

Net cash used in investing activities decreased to \$662,000 for the three months ended March 27, 1999 as compared to \$2.6 million for the three months ended March 28, 1998. Cash used for capital expenditures declined to \$712,000 during the three months ended March 27, 1999 as compared to \$2.2 million during the three months ended March 28, 1998. The 1998 expenditures related primarily to production line modifications. The Company invested \$50,000 of net positive cash flow in government securities during the three months ended March 27, 1999 as compared to \$438,000 during the same period last year. The Company has historically invested its excess cash in money market funds, short-term treasury and agency bills, and more recently, high-grade commercial paper.

Net cash provided by financing activities was \$15,000 for the three months ended March 27, 1999 as compared to \$1.6 million during the three months ended March 28, 1998. The Company had no borrowings under the Company's then existing \$15.0 million line of credit during the current period as compared to net borrowings of \$1.5 million during the prior period. Subsequent to the current quarter end, the \$10.0 million balance which was outstanding under the existing \$30.0 million line of credit expired and was fully repaid by the Company. As of May 7, 1999, the Company has no outstanding loans or borrowings under its existing lines of credit.

Effective October 15, 1998, the Board authorized management to implement a stock repurchase, subject to an aggregate expenditure limitation of \$10.0 million. There were no stock repurchases under this program as of March 27, 1999.

With working capital of \$56.0 million as of March 27, 1999, resources should be

sufficient to meet the Company's short-term and long-term operating, capital and debt service requirements.

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

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 products and to collect on invoices and account for collections. In effect, any significant computer failure could have a material adverse effect on the Company's operations.

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The Company currently believes that all of its internal systems are Y2K compliant as of March 27, 1999, with the exception of the depletions tracking system which is expected to be compliant by the end of the second 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 Cincinnati Brewery, is estimated not to exceed \$90,000, exclusive of amounts to be expended on contingency plans. Approximately \$12,000 of this amount has been spent through March 27, 1999. This \$90,000 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. Preliminary estimates of the cost to bring all systems into Y2K compliance at the Cincinnati Brewery do not exceed \$25,000. None of this amount has been spent through March 27, 1999. The Company continues to evaluate and test all Cincinnati Brewery equipment. Process controls at the Cincinnati 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.

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 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 possible 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. All critical vendors have responded and all have asserted that they are addressing the Y2K problem or are already in compliance. The Company intends to continue to identify potential critical vendors and to monitor the progress toward compliance of those not yet compliant. The Company has also issued questionnaires to non-critical vendors and is conducting the same analysis with them.

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 prior to January 1, 2000. 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.

In the unlikely event that the Company is unable to produce or ship any product (the "Worst Case Scenario"), the Company estimates its financial exposure to be in the range of \$3.5 million per week of lost net 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 \$1.9 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 Scenario. 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, and as such the cost estimates and target completion dates outlined above may change. The Company will continue to explore contingency plans, so as to be in a position to mitigate the consequences of any disruption resulting from the Y2K issue.

Stroh-Pabst-Miller Transactions

Effective April 30, 1999, Stroh sold a majority of its beer brands and the Allentown Brewery to Pabst and certain of its brands to Miller. The Company brews approximately 40% of its production at the Stroh Breweries. Pabst has agreed to assume Stroh's obligations under the existing brewing contract between the Company and Stroh; Miller has agreed to guarantee Pabst's performance. The Company's volume brewed at the Allentown Brewery is anticipated to remain substantially unchanged as a result of the Stroh Transactions. The Company anticipates that the volume currently brewed at the Portland Brewery will be transferred to a Pabst or Miller-owned brewery during 1999. The Company has completed, to its satisfaction, detailed inspections of the potential breweries that are likely to assume the volume that is currently brewed at the Portland Brewery. The

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Company does not anticipate any significant problems during the transition period or thereafter, as a result of the Stroh Transactions, and does not believe that it will have a material effect on its results of operations, statement of financial position or statement of cash flows during 1999.

Hops Purchase Commitments

The Company enters into purchase commitments for hops based on forecasted future requirements, among other factors. As a result of declining sales growth in recent years existing hops inventory and purchase commitments may exceed projected future needs. During the first quarter of 1998 the Company recorded a provision of \$1.0 million to reserve for excess purchase commitments. The Company re-evaluated its hops inventory levels and existing purchase commitments to assess the reserve required for excess amounts as of March 27, 1999. During the three months ended March 27, 1999 the Company canceled certain hops purchase commitments in efforts to manage inventory levels. The Company recorded a \$250,000 charge associated with the excess inventory on-hand and purchase commitment contracts during the three months ended March 27, 1999.

The computation of the excess purchase commitment reserve requires management to make certain assumptions regarding future sales growth, product mix, cancellation costs and supply, among others. Actual results may materially differ from management's estimates.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Since December 26, 1998, there have been no significant changes in the Company's exposures to interest rate or foreign currency rate fluctuations. The Company currently does not enter into derivatives or other market risk sensitive instruments for the purpose of hedging or for trading purposes.

FORWARD-LOOKING STATEMENTS

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

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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

Not Applicable

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit Index

Exhibit No. -----	Title -----
3.1	Amended and Restated By-Laws of the Company, dated June 2, 1998 (incorporated by reference to Exhibit 3.5 to the

Company's Form 10-Q filed on August 10, 1998).

- 3.2 Restated Articles of Organization of the Company, dated July 21, 1998 (incorporated by reference to Exhibit 3.6 to the Company's Form 10-Q filed on August 10, 1998).
- 4.1 Form of Class A Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement No. 33-96164).
- 10.1 Revolving Credit Agreement between Fleet Bank of Massachusetts, N.A. and Boston Beer Company Limited Partnership (the "Partnership"), dated as of May 2, 1995 (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement No. 33-96162).
- 10.2 Loan Security and Trust Agreement, dated October 1, 1987, among Massachusetts Industrial Finance Agency, the Partnership and The First National Bank of Boston, as Trustee, as amended (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement No. 33-96164).
- 10.3 Deferred Compensation Agreement between the Partnership and Alfred W. Rossow, Jr., effective December 1, 1992 (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement No. 33-96162).

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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).
- 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 10.15 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 10.16 to the Company's Registration Statement No. 33-96162).

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Exhibit No. -----	Title -----
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 Exhibit 10.17 to the Company's Registration Statement No. 33-96164).
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 27, 1998).
+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 27, 1998).
+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 27, 1998).
+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 27, 1998).

- 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 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).

Exhibit No.	Title
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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. (incorporated by reference to the Company's Form 10-Q, filed on November 4, 1998).
+10.33	Amended and Restated Production Agreement between The Stroh Brewery Company and Boston Beer Company Limited Partnership, dated November 1, 1998 (incorporated by reference to the Company's Form 10-K, filed on March 25, 1999).
10.34	Agreement between Boston Beer Company Limited Partnership, Pabst Brewing Company and Miller Brewing Company, dated February 5, 1999 (incorporated by reference to the Company's Form 10-K, filed on March 25, 1999).

- *10.35 Amendment to Revolving Credit Agreement between Fleet Bank of Massachusetts, N.A. and The Boston Beer Company, Inc., dated March 30, 1999.
- *+10.36 Agreement between Boston Beer Company Limited Partnership and Landstar Logistics and Transportation, dated January 9, 1999.
- *11.1 The information required by exhibit 11 has been included in Note E 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).
- *27.1 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 no reports on Form 8-K with the Securities and Exchange Commission during the quarter ended March 27, 1999.

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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: May 10, 1999

By: /s/ C. James Koch

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

Date: May 10, 1999

By: /s/ Alfred W. Rossow, Jr.

Alfred W. Rossow, Jr.
Chief Financial Officer (principal
financial officer)

Date: May 10, 1999

By: /s/ Richard P. Lindsay

Richard P. Lindsay
Vice President - Finance (principal

accounting officer)

AMENDMENT TO CREDIT AGREEMENT

THIS AMENDMENT is made as of March 30, 1999 by and among BOSTON BEER COMPANY LIMITED PARTNERSHIP (the "Partnership") and THE BOSTON BEER COMPANY, INC. (the "Corporation") (collectively, the "Borrowers", and individually, a "Borrower"); and FLEET NATIONAL BANK (the "Bank").

RECITALS

A. The Bank and the Borrowers are parties to a Credit Agreement dated as of March 21, 1997, as modified by a letter agreement dated July 11, 1997 (as modified, the "Loan Agreement"). Capitalized terms used herein without

definition have the meanings assigned to them in the Loan Agreement.

B. The Borrowers have requested that, among other things, the Bank (i) extend the Expiration Date, the Conversion Date and the Maturity Date and (ii) reduce the interest rates applicable to the Loans.

C. Subject to certain terms and conditions, the Bank is willing to agree to the same, as hereinafter set forth.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

I. Amendments to Loan Agreement.

A. Extension of Dates in Section 1.1. The "Expiration Date" as defined in Section 1.1(a) is hereby extended to mean March 31, 2004. The "Conversion Date" as defined in Section 1.1(b) is hereby extended to mean March 31, 2002. The date on which quarterly installments of Term Loan Principal repayments shall commence under Section 1.1(c) is hereby extended to mean June 30, 2002 and "Maturity Date" as defined in Section 1.1(c) is hereby extended to mean March 31, 2007.

B. Interest Rates. Section 1.3(a) is hereby deleted in its entirety and replace with the following:

"(a) Subject to this Agreement, the Borrowers may elect an interest rate for each Revolving Loans A and Revolving Loans B based on either (i) the Alternative Prime Rate or (ii) the applicable Libor Rate (as defined on Schedule B hereto) plus .45%. Subject to the terms and conditions of this Agreement, the Borrowers may elect an interest rate for the Term Loan based on either (i) the Alternative Prime Rate or (ii) the applicable Libor Rate plus .70%. Each Prime Rate Loan shall bear interest on the outstanding principal amount thereof at a rate per annum equal to the Prime Rate (which rate shall change contemporaneously with any change in the Prime Rate), payable on the last day of each fiscal quarter, commencing on March 31, 1999, and when such Prime Rate Loan is due (whether at maturity, by reason of acceleration or otherwise). Libor Loans shall bear interest, and

otherwise be governed, in accordance with Schedule B (the "Libor

Terms")."

C. Use of Proceeds. Section 1.10 is hereby amended to permit proceeds of

up to \$10,000,000 in the aggregate to be used for Permitted Acquisitions.

D. Net Worth Covenant. Section 5.1(a) is hereby deleted in its entirety

and replaced with the following:

"(a) Maintain at all times during the period from March 31, 1999 through
June 29, 1999 a Tangible Net Worth of the Corporation of not less than
\$70,000,000, plus 50% of the positive Net Income (with no reduction
for losses) for the fiscal quarter ended March 31, 1999; and,
thereafter maintain Tangible Net Worth of the Corporation at all times
during each fiscal quarter of at least (i) the minimum amount of
Tangible Net Worth required hereunder as of the last day of the
immediately

preceding fiscal quarter, plus (ii) 50% of the positive Net Income
(with no reduction for losses) for such immediately preceding fiscal
quarter, plus (iii) 100% of Net Equity Proceeds received by the
Corporation during such fiscal quarter."

E. Profitability. Section 5.1(d) is hereby deleted in its entirety and

replaced with the following:

"(d) As to the Corporation, (i) for any trailing four consecutive fiscal
quarter-period earn Net Income of at least \$1.00 and (ii) not have two
consecutive fiscal quarters in which Net Income for each such fiscal
quarter is less than \$0."

F. Indebtedness. Section 6.1(b) is deleted in its entirety and replaced

with the following:

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

G. New Provisions. The following provision is added to the Loan

Agreement as Section 8.13.

"8.13 Miscellaneous

(a) The Bank may assign its rights and interests under this Agreement, the
Notes and the other Loan Documents and delegate its obligations
hereunder and thereunder, in whole or in part; provided that in
connection with any such assignment, the assignee shall assume such
rights, interests and obligations in writing. The Bank may at any time
pledge all or any portion of its rights under any Loan Document
(including any portion of the Notes) to any of the 12 Federal Reserve
Banks organized under Section 4 of the Federal Reserve Act, 12 U.S.C.
Section 341. No such pledge or the enforcement thereof shall release
the Bank from its obligations under any of the Loan Documents. The
Bank shall have the unrestricted right at any time and from time to
time, and without the consent of or notice to the Borrowers to grant
to one or more banks or other financial institutions (each, a
"Participant") participating interests in the Bank's obligation to

lend hereunder and/or any or all of the Obligations. In the event of
any such grant by the Bank of a participating interest to a
Participant, whether or not upon notice to the Borrowers, the Bank

shall remain responsible for the performance of its obligations hereunder and the Borrowers shall continue to deal solely and directly with the Bank in connection with its rights and obligations hereunder. Each of the Borrowers authorizes the Bank to disclose to any participant or assignee any prospective participant or assignee any and all information in the Bank's possession concerning the Borrowers which has been delivered to the Bank by or on behalf of the Borrowers pursuant to this Agreement or which has been delivered to the Bank by or on behalf of the Borrowers in connection with the Bank's credit evaluation prior to becoming a party to this Agreement.

- (b) Upon receipt of an appropriate and reasonably acceptable affidavit of an officer of the Bank as to the loss, theft, destruction or mutilation of the any Note or of any other Loan Document which is not of public record and, in the case of any such mutilation, upon surrender and cancellation of such Note or other Loan Document, the Borrowers will issue, in lieu thereof, a replacement Note or other Loan Document in the same principal amount and in any event of like tenor.
- (c) All agreements between any one or more of the Borrowers (on the one hand) and the Bank (on the other hand) are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the Notes or otherwise, shall the amount paid or agreed to be paid to the Bank for the use or the forbearance of the Obligations represented by the Notes exceed the maximum permissible under applicable law. In this regard, it is expressly agreed that it is the intent of the Borrowers and the Bank, in the execution, delivery and acceptance of the Notes, to contract in strict compliance with the laws of the Commonwealth of Massachusetts. If, under any circumstances whatsoever, performance or fulfillment of any provision of the Notes or any of the other Loan Documents at the time such provision is to be performed or fulfilled shall involve exceeding the limit of validity prescribed by applicable law, then the obligation so to be performed or fulfilled shall be reduced automatically to the limits of such validity, and if under any

circumstances whatsoever the Bank should ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal balance evidenced by the Notes and not to the payment of interest. The provisions of this Section 8.13(c) shall control every other provision of this Agreement and of the Notes."

H. Amended Definitions. The definitions of "Permitted Acquisition" and

"Prime Rate" in Schedule A are amended to read in their entirety as follows:

Permitted Acquisitions: any acquisition of stock or assets by the

Corporation which has met the following conditions: (a) the aggregate amount of proceeds of the Loans used in all such acquisitions since the date of this Agreement shall not exceed \$10,000,000, (b) the aggregate amount paid in cash or cash equivalents by the Borrowers and their Subsidiaries in connection with all such acquisitions since the date of this Agreement (whether or not proceeds of the Loans) shall not exceed \$20,000,000, (c) after giving effect to such acquisition, on a pro forma basis as of the most recently ended fiscal quarter, the

Borrowers shall be in full compliance with all of its obligations set forth in Section 5 of this Agreement, (d) if such acquisition is a stock acquisition and the acquired company or companies is not being merged into the Corporation simultaneously and is or becomes a Material Subsidiary, such acquired company or companies shall prior to or upon becoming a Material Subsidiary execute an unlimited guaranty in form satisfactory to the Bank, guaranteeing all existing and future obligation of the Borrowers to the Bank, (e) prior notice of such

acquisition shall have been delivered to the Bank, describing the terms of such acquisition, including the purchase price thereof, and whether the acquired company or companies are or are intended to become Material Subsidiaries, and (f) no Default shall exist hereunder or result from such acquisition. The Bank acknowledges that the Schoenling Brewery acquisition which closed in March, 1997 (and the subsequent real property acquisition relating thereto) are Permitted Acquisitions not included in the \$10,000,000 and \$20,000,000 thresholds set forth above.

"Prime Rate: The variable per annum rate of interest so designated

from time to time by the Bank as its prime rate. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate being charged to any customer."

I. New Definition: "Net Equity Proceeds." The definition of the term

"Net Equity Proceeds" is hereby added to Schedule A in the proper alphabetical order:

"Net Equity Proceeds": The cash proceeds (net of reasonable out-of-

pocket fees and expenses) received by the Corporation or any of its Subsidiaries in connection with any issuance by the Corporation or any of its Subsidiaries after March 31, 1999 of any shares of its capital stock, other equity interests or options, warrants or other purchase rights to acquire such capital stock or other equity interests to, or receipt of a capital contribution from, any Person (other than an officer, employee or director of the Borrower or any of its Subsidiaries or the Borrower with respect to capital contributions to such Subsidiaries)."

J. Libor Terms. The following changes are made to Schedule B regarding

Libor Terms:

- (a) The definition of "Libor Base Rate" and "Adjusted Libor Rate" are hereby deleted in their entirety.
- (b) All references in the Loan Agreement to "Libor Base Rate" or "Adjusted Libor Rate" shall hereafter mean and be a reference to the "Libor Rate".
- (c) The following definition of "Libor Rate" is added to Schedule B:

Libor Rate: With respect to each Interest Period for a Libor Loan,

that rate per annum (rounded upward, if necessary, to the nearest 1/32nd of one percent) which represents the offered rate for deposits in U.S. Dollars, for a period of time comparable to such Interest Period, which appears on the Telerate page 3750 as of 11:00 a.m. (London time) on that day that is two London Banking

Days preceding the first day of such Interest Period; provided, however, that if the rate described above does not appear on the Telerate System on any applicable interest determination date, the Libor Rate for such Interest Period shall be the rate (rounded upwards as described above, if necessary) for deposits in dollars for a period substantially equal to such Interest Period shown on the Reuters Page "LIBO" (or such other page as may replace the LIBO Page on that service for the purpose of displaying such rates), as of 11:00 a.m. (London Time), on that day that is two London Banking Days prior to the beginning of such Interest Period. "London Banking Day" shall mean

any date on which commercial banks are open for business in London. If both the Telerate and Reuters systems are unavailable, then the Libor

Rate for any Interest Period will be determined on the basis of the offered rates for deposits in U.S. Dollars for a period of time comparable to such Interest Period which are offered by four major banks in the London interbank market at approximately 11:00 a.m., London time, on that day that is two London Banking Days preceding the first day of such Interest Period, as selected by the Bank. The principal London office of each of four major London banks will be requested to provide a quotation of its U.S. Dollar deposit offered rate. If at least two such quotations are provided, the rate for that date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for that date will be determined on the basis of the rates quoted for loans in U.S. Dollars to leading European banks for a period of time comparable to such Interest Period offered by major banks in New York City at approximately 11:00 a.m., New York City time, on that day that is two London Banking Days preceding the first day of such Interest Period. In the event that the Bank is unable to obtain any such quotation as provided above, it will be deemed that the Libor Rate for the proposed Interest Period cannot be determined. The Bank shall give prompt notice to the Borrowers of the Libor Rate as determined for each Libor Loan and such notice shall be conclusive and binding, absent manifest error. In the event that the Board of Governors of the Federal Reserve System shall impose a Libor Reserve Requirement with respect to Libor deposits of the Bank, then for any period during which such Libor Reserve Requirement shall apply, the Libor Rate shall be equal to the amount determined above, divided by an amount equal to 1 minus the Libor Reserve Requirement. The Libor Rate shall be adjusted automatically on and as of the effective date of any change in the Libor Reserve Requirement with respect to the Bank.

II. No Further Amendments.

Except as specifically amended hereby, the Loan Agreement shall remain unmodified and in full force and effect and is hereby ratified and affirmed in all respects, and the indebtedness of the Borrowers to the Bank evidenced thereby and by the Notes is hereby reaffirmed in all respects. On and after the date hereof, each reference in the Loan Agreement to "this Agreement", "hereunder", "hereof", or words of like import referring to the Loan Agreement, shall mean and be a reference to the Loan Agreement as amended by this Amendment, and each reference in any of the Loan Documents, to the Loan Agreement, "thereunder", "thereof", or words of like import referring to the Loan Agreement shall mean a reference to the Loan Agreement as amended by this Amendment.

III. Certain Representations of the Borrowers.

As a material inducement to the Bank to enter into this Amendment, the Borrowers hereby represent and warrant to the Bank (which representations and warranties shall survive the delivery of this Amendment), after giving effect to this Amendment, as follows:

A. The execution and delivery of this Amendment has been duly authorized by all requisite corporate action on the part of the Borrower.

B. The representations and warranties contained in Section 4 of the Loan Agreement are true and correct in all material respects on and as of the date of this Amendment as though made at and as of such date (except to the extent that such representations and warranties expressly relate to an earlier date or except to the extent variations therefrom have been permitted under the terms of the Loan Agreement or otherwise in writing by the Bank). No material adverse change has occurred in the assets, liabilities, financial condition, business or prospects of Borrower from that disclosed in the financial statements most recently furnished to the Bank pursuant to

Sections 4.1(a) or (b) to the Loan Agreement. To the knowledge of the Borrower,

no Default has occurred and is continuing.

C. This Amendment constitutes the legal, valid and binding obligation of each Borrower, enforceable against each Borrower in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the rights and remedies of creditors generally or the application of principles of equity, whether in any action at law or proceeding in equity, and subject to the availability of the remedy of specific performance or of any other equitable remedy or relief to enforce any right thereunder.

IV. Miscellaneous.

A. The Borrowers represent, warrant, and agree that the Borrowers have no claims, defenses, counterclaims, or offsets against the Bank in connection with the Loan Agreement or the Obligations and, to the extent that any such claim, defense, counterclaim, or offset may exist, the Borrower hereby affirmatively WAIVES AND RELEASES the Bank from the same.

B. As provided in the Loan Agreement, the Borrowers agree to reimburse the Bank upon demand for all reasonable out-of-pocket costs, charges, liabilities, taxes and expenses of the Bank (including reasonable fees and disbursements of counsel to the Bank) in connection with the (a) preparation, negotiation, interpretation, execution and delivery of this Amendment and any other agreements, instruments and documents executed pursuant or relating hereto, and (b) any enforcement hereof.

C. This Amendment shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

D. This Amendment may be executed by the parties hereto in several counterparts hereof and by the different parties hereto on separate counterparts hereof, all of which counterparts shall together constitute one and the same agreement.

The Next Page is the Signature Page

IN WITNESS WHEREOF, the Bank and the Borrowers have caused this Amendment to be duly executed as a sealed instrument by their duly authorized representatives, all as of the day and year first above written.

THE BOSTON BEER COMPANY, INC.

By: /s/ Alfred W. Rossow, Jr.
Treasurer and CFO

BOSTON BEER COMPANY LIMITED PARTNERSHIP

By: Boston Brewing Company, Inc., its General
Partner

By: /s/ Alfred W. Rossow, Jr.
Title: Vice President

FLEET NATIONAL BANK

By: /s/ Susan Mason
Vice President

GUARANTOR CONFIRMATION

The undersigned being guarantor of the Obligations (as defined in a certain Unlimited Guaranty dated March 21, 1997) of the Borrowers to the Bank and intending to be legally bound thereunder hereby agrees and consents to the above Amendment. The undersigned hereby further confirms and reaffirms, all and singular, the terms of such Unlimited Guaranty.

Dated as of March 30, 1999.

SAMUEL ADAMS BREWERY COMPANY, LTD.

By: /s/ Alfred W. Rossow, Jr.
Treasurer and CFO

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AGREEMENT FOR TRANSPORTATION LOGISTICS SERVICES

AGREEMENT entered into effective as of the ____ day of _____, 1999, between BOSTON BEER COMPANY LIMITED PARTNERSHIP, a Massachusetts limited partnership, with a principal place of business at 75 Arlington Street, Boston, Massachusetts 02116 ("Boston Beer"), and LANDSTAR LOGISTICS, INC., a subsidiary of Landstar System, Inc., a Delaware corporation, with a principal place of business at 4077 Woodcock Drive, Suite 105, Jacksonville, FL 32207 ("Landstar").

Boston Beer requires transportation logistics services, including the use of motorized carriers, in its operations, in order to meet its distinct needs and the distinct needs of its customers. Landstar is engaged as a third party logistics provider in the business of arranging and providing for the transportation of property for compensation and has agreed to provide such services to Boston Beer on the terms and conditions hereinafter set forth.

ACCORDINGLY, Boston Beer and Landstar agree, as follows:

1. DEFINITIONS. For all purposes of this Agreement, the following ----- terms shall have the following meanings. Such meanings to be equally applicable to both the singular and plural forms of the terms defined, even if not so noted below.

"Products" means any beer, malt or hard cider beverage that Boston Beer produces, markets, supplies, and sells, under the brand names of Samuel Adams(R), Oregon Original, HardCore(R), or such other brands as Boston Beer may come to own, produce, market, supply or sell during the term of this Agreement.

"Goods" means Products and any other items, such as empty bottles, empty kegs, pallets, point of sale (POS) items, and packaging materials transported by Landstar on behalf of Boston Beer. The transportation and shipment of beer, malt, hard cider, and other alcoholic beverage products other than Products, specifically any products not Products produced by a Brewery, in the same trailer as Products, to common Customers, shall not be strictly prohibited under this Agreement. However, any such co-mingled product shipments shall be subject to separate agreement between Boston Beer, the applicable Brewery, and Landstar.

"Brewery" and "Breweries" means any of the breweries listed on Exhibit A or such other locations as may be designated from time to time during the term of this Agreement, at which Boston Beer produces and packages Products.

"Primary Brewery" means a Brewery designated as such on Exhibit A.

"Secondary Brewery" means a Brewery designated as such on Exhibit A.

"Warehouse" and "Warehouses" means any of the warehouses listed in Exhibit A or such other locations as may be designated from time to time during the term of this Agreement, at which Boston Beer stores returnable Goods or excess Product.

"Primary Warehouse" means a Warehouse designated as such on Exhibit A.

"Secondary Warehouse" shall be a Warehouse designated as such on Exhibit A.

"Carrier" means an owner/operator of motor vehicle that is engaged by Landstar to transport Products pursuant to this Agreement.

"Customer" means an authorized wholesale distributor or licensed vendor of Products.

"Supplier" means any other business other than a Brewery, Customer, or Warehouse where Goods may be

transported from or delivered to.

"Transportation Logistics Services" means arranging for Transportation Services and otherwise providing the services called for by Section 2.

"Transportation Representative" shall be the person designated by Boston Beer from time to time to receive notices pursuant to Section 25.

"Transportation Services" means the physical carriage of Products and other Goods.

2. SERVICES TO BE PROVIDED BY LANDSTAR.

2.1 Landstar hereby agrees to provide to Boston Beer during the term of this Agreement the Transportation Logistics Services more fully specified in the following paragraphs of this Section 2, as requested from time to time by Boston Beer. Landstar shall provide such services in accordance with the specifications set forth in Exhibit B, and any additional obligations as set forth in Exhibit C (as each may be reasonably changed from time to time by Boston Beer), for the compensation provided for in Section 3. In fulfillment of its obligations to Boston Beer hereunder, Landstar shall:

- (a) Arrange for and carry out not less than * of the Transportation Services associated with the shipment of Products and other Goods from and to each Primary Brewery.
- (b) Arrange for and carry out the Transportation Services associated with the shipment of Products and other Goods from and to any Secondary Brewery, but only to the extent specifically requested for specific shipments by Boston Beer. It is understood and agreed any Secondary Brewery shall be primarily serviced by another third party logistics provider or carrier contracted with directly by Boston Beer.
- (c) Arrange for and carry out not less than * of the Transportation Services associated with the shipment of Products and other Goods from and to each Primary Warehouse.
- (d) Arrange for and carry out the Transportation Services associated with the shipment of Products and other Goods from and to any Secondary Warehouse, but only to the extent specifically requested for specific shipments by Boston Beer. It is understood and agreed that any Secondary Warehouse shall be primarily serviced by another third party logistics provider or Carrier contracted with directly by Boston Beer
- (e) Arrange for the safe and timely shipment of Products and other Goods throughout the continental United States, to, from and between Primary Breweries, Primary Warehouses, Customers, Suppliers and other authorized recipients of the Products, and any Secondary Brewery or Warehouse if so requested by Boston Beer, for the business tendered to it under Section 4.1.
- (f) As time is of the essence with respect to shipment of Products, provide all equipment necessary to effect the timely and safe shipment of Products from origin to destination. Landstar agrees that it will not give any other party higher priority than given Boston Beer with regard to equipment availability.
- (g) Provide direct service from origin to destination for the Goods tendered to it under Section 4.1.
- (h) Optimize the Product loads for delivery from each Brewery on a real-time basis based on orders for Products as specified by Boston Beer

for each Brewery, in order to minimize the cost of Product shipment, maximize truck utilization, and deliver products as expeditiously as practicable. Boston Beer shall be given access to the load optimization system so that it may perform load optimization as needed, for testing and modeling purposes or actual use, at no additional charge to Boston Beer. Specifications for the load optimization system and processes are defined in Exhibit C.

- (i) Use its best efforts to effect cost savings for Boston Beer in either the rates charged by Landstar or by improving the processes and procedures for shipment of Goods by Boston Beer.
- (j) Arrange for the transportation of returnable Goods, such as over-age or spoiled Products, pallets, empty kegs, and empty bottles (as applicable), from Customers and Suppliers in the states listed in Exhibit A, to Breweries, Warehouses or other locations as may be designated by Boston Beer, and attempt to minimize the stock of returnable Goods at Customer locations while minimizing the return freight cost, in accordance with the Performance Requirements specified in Exhibit B. Returns for states not listed in Exhibit A shall be specifically authorized by the Transportation Representative.
- (k) Provide information to and receive information from Boston Beer's computer, production, and order systems, as reasonably requested by Boston Beer.
- (l) Perform specialized services for Boston Beer, that may include, but are not limited to, expedited transit, expedited claim processing and/or the use of specialized equipment such as refrigerated trucks.

2.2 Landstar shall have the right to subcontract the Transportation Services required hereunder to other Carriers, provided any such Carrier shall be reasonably acceptable to Boston Beer and qualified to perform the required Transportation Services. All subcontractors appointed by Landstar shall be subject to the terms and conditions set forth herein. In no event shall Landstar subcontract any of its Transportation Logistics Services, including its services as a Transportation Services broker.

2.3 The services rendered shall be consistent with operating authority held by Landstar per its relevant I.C.C. Certificates, and any extensions or additions thereto. In addition, Landstar shall have and maintain at all times during the course of this Agreement, and subcontract Transportation Services only to Carriers who demonstrate that they have, appropriate licenses to carry and ship alcoholic beverages, including, without limitation thereof, beer, malt and hard cider products, as may from time to time be required by any applicable governmental or regulatory bodies. During the period of time that this Agreement is in effect, it is understood that Landstar is providing Transportation Services and that all shipments tendered to Landstar or its authorized agents and designated subcontractors under this Agreement are transported pursuant to the terms and conditions of this Agreement.

2.4 Landstar agrees to comply during the life of this contract with all rules and regulations established by the Interstate Commerce Commission and other Federal or state agencies having jurisdiction over the Transportation Services to be performed pursuant to this Agreement. Landstar shall also maintain a satisfactory safety rating with the Department of Transportation.

3. RATES, CHANGES AND PAYMENTS.

3.1 Landstar will be compensated on the basis of the provisions, rates, and charges as per the schedules attached hereto as Exhibit D and incorporated herein by reference (including subsequent revisions thereof approved in the manner provided for by amendments to this Agreement, all as set forth in Section 22). Except as expressly provided for in this Agreement, the provisions, rates, and charges in Exhibit D shall include all costs associated with the services provided by Landstar, its agents and designated subcontractors, under this

Agreement.

3.2 Landstar and Boston Beer shall mutually agree on an acceptable method of calculating mileage. In the absence of a mutually agreed upon mileage program, all miles shall be calculated using the most current version of the Rand McNally Milemaker System. Such method shall be applied to all rate calculations and other charges based upon mileage during the term of this Agreement, unless the parties mutually agree to use another method. Boston Beer shall have the right to have a third party audit the freight invoices for mileage and charging accuracy.

3.3 In addition to the rates set forth in Exhibit D, Boston Beer shall pay a fuel surcharge of * on the * portion of shipments hereunder, for every * that the National Department of Energy (DOE) diesel fuel index (the "Fuel Index") exceeds *. , Boston Beer will receive a rebate of * for every * that the Fuel Index falls below *. This

surcharge/rebate shall be applicable commencing on the first Monday following the weekly DOE fuel index closing date. The fuel surcharge or rebate shall be invoiced on each applicable freight bill..

3.4 The rates set forth in Exhibit D shall be applicable to shipments from January 1, 1999 through December 31, 1999. Rates for each subsequent year shall be mutually-agreed on in September of the prior year. Other than adjustments for fuel surcharges per Section 3.3, such rates shall not increase over the prior year by more than * of the percentage increase in the Consumer Price Index. Increases in fuel costs shall be accommodated for via the fuel surcharge described in Section 3.3.

3.5 Notwithstanding the fuel surcharge/rebate provided for in Section 3.3 and the annual rate setting provided for in Section 3.4, Boston Beer or Landstar may each seek an adjustment by lane, over and above that provided for by Sections 3.3 and 3.4, in the rates or provisions set forth herein by written request to the other party due to unusual, unavoidable and unanticipated occurrences. Such adjustments to the rates shall be allowed once per calendar quarter, and shall be retroactive to the date of the occurrence necessitating the adjustment. The parties shall use their best efforts to agree upon such mutually accepted rate adjustments..

3.6 If during the term of this Agreement, Boston Beer changes its brewing or warehouse locations by adding a Brewery or Warehouse (the "New Location") to the list set forth in Exhibit A, Boston Beer may initially award the New Location to Landstar for a period not to exceed six (6) months, at rates proposed by Landstar calculated on the same economic basis as the then-current agreed-upon rates. During this six (6) month period, Boston Beer will request rate proposals for transportation and shipment services to and from the New Location from Landstar and other third party transportation providers. Upon completion of this proposal process, and in Boston Beer's sole discretion, Boston Beer may award the New Location Transportation Services to a carrier deemed by Boston Beer as the most appropriate. Unless expressly agreed otherwise in writing, any New Location services awarded to Landstar shall be under the terms of this Agreement.

3.7 If during the term of this Agreement, Boston Beer discontinues production at a Primary Brewery or ceases operations at a Primary Warehouse covered by this Agreement, Boston Beer shall provide Landstar one (1) month's notice prior to ceasing operations at the relevant location. Landstar shall continue to provide Transportation Services to the relevant location until such time as Boston Beer ceases all operation at that location. Landstar shall continue to provide Transportation Services as described herein for shipments from the remaining Primary Breweries and Primary Warehouses. Boston Beer shall not be obligated to replace lost volume, nor shall Boston Beer be liable to Landstar for any costs associated with any lost business arising from the discontinuance of a location.

3.8. Landstar will invoice Boston Beer on the first business day of the week for the freight charges incurred the previous week, and will provide to

Boston Beer weekly an electronic version of such invoices. Boston Beer shall pay such invoices within thirty (30) days of receipt of a correct and proper invoice.. All other amounts otherwise chargeable to Boston Beer hereunder shall be invoiced by Landstar reasonably promptly in accordance with normal business practices following the month in which such are incurred by Landstar. Such timely invoices shall similarly be paid by Boston Beer promptly in the ordinary course in accordance with Boston Beer's normal business practices. Boston Beer shall have the right to designate a third party to directly receive and pay freight invoices as described hereunder.

3.9 Landstar shall be responsible for all expenses and costs incurred by Landstar that are associated with computer equipment, software, telecommunication lines and other items required to communicate with Boston Beer, for transmittal of electronic data, and as set forth in Section 3.8 above. Boston Beer shall bear the cost and expense of items reasonably needed at its Boston office for the electronic data transmittal implementation contemplated hereunder.

3.10 In the event that Landstar transports Goods tendered by Boston Beer on a "freight collect" basis, Boston Beer will guarantee payment of such freight charges in the event that consignee fails to remit payment to Landstar within sixty (60) days, provided that Landstar shall have made every effort to collect such charges from the consignee, and Landstar shall have provided Boston Beer with complete documentation regarding loading and delivery of such Goods to consignee.

4. OBLIGATIONS AND RIGHTS OF BOSTON BEER.

4.1 Boston Beer, or its duly authorized designees, shall tender to Landstar for the duration of this Agreement * of the shipments of Products from the Primary Breweries, and if circumstances require based on Boston Beer's unique needs and in its sole discretion, a portion of the shipments from the Secondary Breweries. Notwithstanding the foregoing, Landstar understands that it may not be tendered any shipments from the Secondary Breweries. Boston Beer shall provide other information as reasonably required by Landstar in order for Landstar to render services and complete its obligations hereunder.

4.2 Boston Beer shall have the right at any time to approve or request a change of any Landstar personnel or representatives to be located at any Boston Beer facility, Brewery, Warehouse or other location (hereinafter "Boston Beer Locations" or "Location").

4.3 In no event shall Landstar personnel located at Boston Beer Locations be considered employees, representatives or agents of Boston Beer, the Breweries or Warehouses. for any purpose whatsoever. Landstar personnel located at Boston Beer Locations shall be subject to the same general rules and regulations regarding work hours, and safety and security procedures and processes, as generally apply to the non-Landstar employees at the Boston Beer Location, and shall work closely with a Boston Beer-designated representative at the Location.

5. PERFORMANCE REQUIREMENTS.

Landstar shall provide the services described in Section 2 hereof as specifically set forth in Exhibit B to this Agreement. In the event that Landstar fails to meet a scheduled out-bound shipment from any Brewery, Landstar shall have twenty-four (24) hours from notification electronically or via facsimile by Boston Beer to remedy such failure. If Landstar does not to remedy its failure to perform within the allowed time, Landstar shall not be entitled to any compensation with respect to the failed shipment, and Landstar shall be liable to Boston Beer for the incremental cost of alternative transportation as well as any storage costs incurred relating to the failure.

6. TERM; TERMINATION.

6.1 This Agreement shall commence on March 1, 1999, and shall continue in effect until terminated pursuant to the following provisions of this Section 6.

6.2 Either party may terminate this Agreement without cause upon * prior written notice to the other party, such termination not to be effective prior to *.

6.3 Landstar shall have the right to terminate this Agreement on thirty (30) days' prior written notice if Boston Beer has failed to comply with the terms for payment of any undisputed amount for more than thirty (30) days, and such amount remains outstanding for more than thirty (30) days after written demand for payment by Landstar.

6.4 Boston Beer shall have the right to terminate this Agreement immediately on notice to Landstar, if, in the reasonable judgment of Boston Beer, Landstar has failed to provide Transportation Logistics Services in accordance with the required standards, or has consistently failed to provide such services on a timely basis, as set forth in Exhibit B, provided Landstar has been notified in writing and such failure(s) continues for thirty (30) days after receipt by Landstar of such notice.

6.5 If either party files a petition in bankruptcy or is adjudicated bankrupt or insolvent, or makes an assignment for the benefit of creditors, or an arrangement pursuant to any bankruptcy law, then the other party may immediately terminate this Agreement on notice.

6.6 Boston Beer shall have the right to terminate this Agreement immediately if Landstar fails to maintain the licenses referred to in Section 2 of this Agreement or subcontracts Transportation Services to a Carrier not duly licensed.

6.7 In the event of a breach of this Agreement not set specifically forth in Sections 6.3 through 6.6, the non-breaching party shall have the right to terminate the Agreement upon thirty (30) days' prior written notice

delivered by registered mail, return receipt requested, to the breaching party, unless such breach is cured within thirty (30) days from notice.

7. CLAIMS.

7.1 Loss and Damage - Procedures for the handling of loss and damage claims shall be as set forth by the Interstate Commerce Commission, pursuant to Title 49, Part 370 of the Code of Federal Regulations applicable to common carriage.

7.2 Timing of Claims - Claims for alleged overcharge or undercharge shall be filed with the appropriate party within one (1) year of the date of Landstar's invoice. Claims against Landstar by Boston Beer for damages arising under this Agreement shall be filed within nine months from the incident giving rise to such claim. Claims by either party beyond such date shall be deemed invalid.

7.3 Limitation Period on Invoices - Boston Beer shall not be liable for invoices not submitted within ninety (90) days of service.

8. BILL OF LADING.

Boston Beer, the Breweries, Warehouses or other authorized representatives, shall issue a bill of lading for each shipment, and the terms therein are to be incorporated herein, except to the extent that such terms are contrary to the provisions of this Agreement. In the event of any such conflict, the terms of this Agreement shall prevail. Landstar shall retain Bills of Lading and delivery receipts for a period of at least four (4) years.

9. INSURANCE.

At all times during the term of this Agreement, Landstar shall procure and maintain, and shall confirm that each Carrier has procured and is maintaining, at the sole cost and expense of Landstar or the Carrier, as applicable, the following:

- (a) Workers' compensation coverage in an amount equal to that which is required by state statute, or, if not so required by state statute, then in an amount not less than *;
- (b) Broad form cargo liability in an amount equal to that which is required by statute, or, if not so required, then in an amount not less *; and
- (c) General comprehensive liability insurance insuring against any and all liability for injury to or death of a person or persons and for damage or destruction of property occasioned by or arising out of or in connection with the Transportation Services to be provided hereunder, including coverage for losses due to theft, hijacking, damage in transit.

The limits of liability of such insurance shall be not less than * combined single limit and shall be written by an insurance company or companies licensed to do business in the states in which Landstar does business. Boston Beer shall be named as an additional named insured on all such insurance. The insurance afforded by these policies, except for workers compensation shall apply to Boston Beer as an additional insured but only to the extent of the obligations of Landstar as provided under this Agreement. Boston Beer shall be named as a certificate holder under Landstar's workers compensation insurance. Landstar may self-insure pursuant to the authorization of the F.H.W.A. Landstar shall provide Boston Beer with a Certificate to such effect from all applicable insurers. Such policies shall provide for thirty (30) days' notice to Boston Beer from the insurer by registered or certified mail, return receipt requested, in the event of any modification, cancellation or termination of such policies.

10. RISK OF LOSS; LIABILITY.

10.1 Boston Beer and Landstar acknowledge and agree that the risk of loss to Goods during transit shall be borne by Landstar once the Carrier's truck leaves the Brewery or Warehouse loading dock. The driver shall have the right to inspect each shipment for damage prior to leaving the loading dock, and shall have the right to refuse damaged Goods tendered for delivery. In addition, Carrier's driver shall note and bring to the attention of the

appropriate loading dock personnel at the Location any damage detected prior to leaving the loading dock where it is receiving goods on behalf of Boston Beer. In the event that damage occurs to Goods prior to delivery at the ultimate destination, the driver shall note such damage on the bill of lading and further shall so advise the party receiving the shipment, through delivery of a copy of the bill of lading setting forth a description of damaged goods.

10.2 With respect to returnable Goods, Landstar shall bear the risk of loss once the Carrier's truck leaves the loading dock of a Location where Goods are tendered to it on behalf of Boston Beer, until such time as the Goods reach the ultimate destination as designated on the bill of lading.

10.3 As Landstar bears the risk of loss for Goods while in transit, Landstar shall arrange for appropriate insurance for such Goods in transit, the cost of which shall be deemed to be included in the rates set forth in Section 3.

10.4 Landstar shall be liable to Boston Beer for any loss or injury to Goods caused by the negligence or omissions or failure to act of Landstar.

10.5 Landstar's liability under this Agreement shall be limited to *. In no event will Landstar be liable for special, incidental or consequential damages regardless of its knowledge of the potential for such. Landstar shall not be liable for any loss or damage to the extent such is due to a force majeure event, as defined in Section 19 of this Agreement, or an act or default of Boston Beer.

11. INDEMNIFICATION BY LANDSTAR.

Landstar agrees that it shall protect, defend, indemnify and hold harmless Boston Beer, from and against all liabilities, losses, costs, damages, expenses, claims, attorneys' fees, and disbursements of any kind or of any nature whatsoever imposed upon Boston Beer, whether incurred directly or indirectly by Boston Beer, by virtue of, or in connection with, or arising out of any:

- (a) failure of Landstar or any Carrier to maintain appropriate licenses to carry out the purposes of this Agreement, resulting in the inability to, among other things, ship products for Boston Beer;
- (b) claims made by any employees or agents of Landstar or by any operations of Landstar related to Landstar's provisions of Transportation Logistics Services to Boston Beer under the terms of this Agreement, including any claim by Landstar personnel that they are Boston Beer employees for any purpose;
- (c) claims arising from the negligence of Landstar in performing Transportation Logistics Services or a Carrier in performing Transportation Services pursuant to the terms of this Agreement; or
- (d) other claims arising directly or indirectly out of the transportation of Goods on behalf of Boston Beer by Carriers selected by Landstar, including but not limited to claims arising from accidents involving equipment used to transport Goods.

The foregoing indemnities shall not apply to the extent that such liability arises from or as a result of any negligent act or omission of Boston Beer.

12. CONFIDENTIAL INFORMATION.

12.1 Landstar hereby agrees to continue to honor its obligations under the Confidentiality Agreement previously entered into with Boston Beer, a copy of which is attached hereto as Exhibit E.

12.2 Boston Beer hereby agrees to maintain in strict confidence, and not disclose to any unauthorized third party, or otherwise use or license any proprietary or confidential information, including strategies, business plans and rates, of Landstar that it may receive from Landstar during the term of this Agreement, without Landstar's prior written consent. Landstar hereby acknowledges that disclosure of certain information to employees, representatives and agents of the Breweries and Warehouses shall be deemed authorized third parties, unless Landstar and Boston Beer specifically agree otherwise in writing.

12.3 The parties obligations of confidentiality under this Section 12 shall continue during and after the termination of the Agreement.

13. SEVERABILITY.

If any clause or provision of this Agreement is illegal or unenforceable under present or future laws, then such clause or provision shall be deemed separable and shall not affect the validity of any other provision.

14. APPLICABLE LAW.

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

15. ARBITRATION.

Any disagreement, dispute, controversy or claim with respect to the validity of this Agreement or arising out of or in relation to the Agreement, or breach hereof, shall be finally settled by arbitration in Boston, Massachusetts, in accordance with articles of the American Arbitration Association for Commercial Arbitration. Each of Boston Beer and Landstar 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.

16. YEAR 2000 COMPLIANCE.

16.1 Landstar hereby warrants that its software, firmware, equipment and systems (collectively, hereinafter referred to as "Systems") will operate consistently, predictably and accurately, without interruption or manual intervention, and in accordance with all requirements to facilitate the transportation of Goods and other services under the terms of this Agreement, including, without limitation, all specifications and/or functionality and performance requirements, immediately prior to, during and after the calendar year 2000, and the transitions between them, in relation to dates it encounters or processes.

16.2 Boston Beer is in the process of reviewing all of its internal Systems, with a view to assuring that such Systems are or will in a timely fashion be Year 2000 Compliant, and Boston Beer currently has no reason to believe that Year 2000 Compliance will not be achieved.

16.3 Landstar and Boston Beer agree to communicate periodically regarding their respective Year 2000 Compliance status.

17. RIGHT OF OFFSET.

Landstar and Boston Beer agree that, to the extent that either of them is at any time owed money by the other Party, including on regular invoices sent as provided herein, such Party may set off such amount against any undisputed moneys owed by it to such Party from time to time, any such set-off to be accomplished by written notice to the owing Party, effective upon being sent.

18. ASSIGNMENT.

This Agreement shall be binding on and inure to the benefit of the parties thereto, their successors and their legal representatives. Neither of the parties shall assign this Agreement, or any interest or right therein, without the prior written consent of the other party, except that (i) Boston Beer shall have the right to assign the Agreement to an affiliated party and (ii) Landstar shall have the right to subcontract Transportation Services, as contemplated by this Agreement.

19. FORCE MAJEURE.

If, and to the extent that either party may be precluded by a circumstance of force majeure, authority of

laws, strikes, lockouts or other causes beyond its control from performing hereunder, such failure or non-performance shall be excused to the extent that it is necessitated by such cause. The party affected by the force majeure event

shall use due diligence to remedy such default. If Landstar is unable, by reason of a labor dispute, governmental action, act of God or the like, to provide Transportation Logistics Services and Transportation Services to the extent contemplated by this Agreement, it shall, in any event, to the extent it is still able to provide for shipment and transportation, continue to provide such services to Boston Beer in proportion to the amount that Landstar's business consisted of such services to Boston Beer prior to the occurrence of the event in question. For purposes hereof, disruptions caused by the failure of Landstar to be Year 2000 Compliant (as further discussed in Section 16 hereof) shall not be deemed to be an event of force majeure.

20. TRADEMARKS.

20.1 Landstar is hereby granted the right to use the trademarks, trade names, service marks, or logos owned by Boston Beer (collectively, the "Trademarks"), solely to the extent required specifically in the performance of its duties under this Agreement, including the right to permit Carriers to affix Trademarks to vehicles when carrying Products; provided, however, that such use shall specifically exclude use which might in any way represent any derogatory connotations that might become attributable to Boston Beer, its Products or Trademarks, as a result of the derogatory manner in which the Trademarks are used. Except as expressly granted herein, Landstar acknowledges that no trademark or trade name rights in any of the Trademarks are granted by this Agreement.

20.2 Boston Beer hereby represents, warrants and covenants that it has and will maintain the right to use the Trademarks and will indemnify and hold harmless Landstar from any claim of alleged infringement brought by any party against Landstar, including, but not limited to, Landstar's reasonable costs of legal expenses, provided that Landstar immediately notify Boston Beer of any such action.

21. ENTIRE AGREEMENT.

This Agreement constitutes the complete and entire agreement between the parties. If any provisions shall be declared invalid by a court of competent jurisdiction, the remainder thereof shall remain in full force and effect. This Agreement supersedes all prior agreements and/or understandings, whether written or oral, between the parties.

22. AMENDMENTS.

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

23. AUTHORIZATION.

It is agreed and warranted by the parties that the individuals signing this document on behalf of the respective parties are duly authorized to execute such an Agreement. No further proof of authorization is or shall be required.

24. NON-WAIVER.

The mention in this Agreement of any particular remedy shall not preclude Boston Beer or Landstar from any other remedy Boston Beer or Landstar might have, either in law or in equity. The failure of Boston Beer or Landstar to insist at any time upon the strict performance of any covenant or agreement or to exercise any option, right, power or remedy contained in this Agreement shall not be construed as a waiver or a relinquishment thereof for the future. The receipt and acceptance by Landstar of fees, or the payment of same by Boston Beer, with knowledge of the breach of any covenant contained in this Agreement shall not be deemed a waiver of such breach.

25. NOTICES.

All notices given, or that may be required, shall be in writing, and shall be sent to the parties hereto, by registered or certified mail, return receipt requested, or by courier service and shall be deemed to have been given when received by the party to whom addressed. Notices shall be addressed to the parties at the addresses set forth on

Exhibit F, as the same may be amended from time to time. Either party may change its address for notice by delivering notice of such change to the other party in accordance with the foregoing, which change of address shall be effective five (5) days after notice is received.

IN WITNESS WHEREOF, Boston Beer and Landstar have executed this Agreement in duplicate as of the day and year first written above.

BOSTON BEER COMPANY LIMITED PARTNERSHIP

By: Boston Brewing Company, Inc., General Partner

By: X Martin F. Roper

Name: Martin F. Roper

Title: C.O.O.

LANDSTAR LOGISTICS, INC.

By: X Jim Handoush

Name: X Jim Handoush

Title: V.P. Finance, CFO

Exhibit A

Primary Breweries

The Primary Breweries for which services under this Agreement are to be provided are as listed below:

1. Samuel Adams Brewing Company ("Cincinnati")
1625 Central Parkway
Cincinnati, Ohio
2. The Stroh Brewery Company ("Lehigh")
7880 Stroh Drive
Fogelsville, Pennsylvania
3. Pittsburgh Brewing Company ("Pittsburgh")
3340 Liberty Ave.
Pittsburgh, Pennsylvania
4. Genesee Corporation ("Rochester")
445 St. Paul Street
Rochester, New York

Secondary Breweries

The Secondary Breweries for which services under this Agreement are to be provided are as listed below:

1. The Blitz-Weinhard Brewing Company ("Portland")
1133 West Burnside Street
Portland, Oregon

Primary Return Locations/Warehouses

The locations listed below are the designated Primary Warehouses for which services under this Agreement are to be provided:

1. Warehouse Address: 1200 Lebanon Road, West Mifflin, PA
Description of Operation: Warehouse used for empty returns, sorting, variety repackaging and Point of Sale storing.
Hours of Operation: 7:00 AM to 6:00 PM Monday through Friday
2. Warehouse Address: 100 State Street, Bldg. 261, Ludlow, MA ("Ludlow")
Description of Operation: Warehouse used for empty returns, sorting, variety repackaging and Point of Sale storing.
Hours of Operation: 7:30 AM to 4:30 PM Monday through Friday
3. Warehouse Address: 1075 Aviation Blvd., Hebron, KY
Description of Operation: Warehouse used for empty returns, sorting, variety repackaging and Point of Sale storing.
Hours of Operation: 7:00 AM to 4:00 PM Monday through Friday

Secondary Return Locations/Warehouses

The locations listed below are the designated Secondary Warehouses for which services under this Agreement are to be provided:

1. Warehouse Address: 333 NW Layon, Portland, OR

Description of Operation: Warehouse used for storage of Products.
Hours of Operation: 7:00 AM to 1:00 PM Monday through Friday

States for which Landstar is Responsible for Returnable Goods

Alabama
Arkansas
Colorado
Connecticut
DC
Delaware
Florida
Georgia
Illinois
Indiana
Iowa
Kansas
Kentucky
Louisiana
Maine
Maryland
Massachusetts
Michigan
Minnesota
Mississippi
Missouri
Nebraska
New Hampshire
New Jersey
New Mexico
New York
North Carolina
North Dakota

Ohio
Oklahoma
Pennsylvania
Rhode Island
South Carolina
South Dakota
Tennessee
Texas
Vermont
Virginia
West Virginia
Wisconsin

Exhibit B

Service, Performance and Reporting Specifications and Requirements

1. Service Specifications

1.1 Landstar shall provide trailer trucks appropriate for the safe and timely shipment of Product. All trailers provided must have a minimum of two load lock mechanisms or airbags, and it shall be the driver's responsibility to properly use the load locks or airbags to secure the Goods, provided that such Goods are loaded under the control or supervision of the driver or Landstar personnel. In those situations where the driver or Landstar personnel are precluded from controlling or supervising the loading of Goods at origin, the driver shall reasonably ensure that the Goods have been securely loaded at the first available opportunity, or no later than the first delivery stop.

1.2 Shipment of Product in kegs requires the use of refrigerated trailers able to maintain an interior temperature of 32 to 44 degrees Fahrenheit. Refrigerated trailer trucks must be capable of legally hauling 45,500 pounds. Non-refrigerated trailer trucks (i.e., dry vans) must be capable of legally hauling 46,000 pounds.

1.3 Trailers used must be sanitary and suitable for transporting edible food products. Equipment used in the transportation of hazardous materials, garbage, or waste products shall not be used to provide service to Boston Beer under this Agreement.

1.4 Landstar shall contact Customers to determine reasonably acceptable delivery times.

1.5 Landstar shall immediately inform the Transportation Representative of any delays, accidents, or other unanticipated events that may prevent scheduled pickup or that occur while Goods are in transit.

1.6 Landstar and Boston Beer shall have quarterly meetings to discuss on-going operations and other issues that arise, at mutually acceptable locations, and each party shall cover its own expenses for attending these meetings.

2. Performance Requirements.

2.1 Landstar will have knowledge of the weekly shipment schedules for Products at each Primary Brewery from Boston Beer's production system, so that scheduling of the appropriate equipment shall require no further information from Boston Beer. Actual pick-up times shall be determined by each Brewery's designated representative, and shall be communicated to Landstar at least forty-eight hours prior to designated pick-up time. Such requested pick-up time shall be deemed accepted by Landstar, unless Landstar immediately notifies the Brewery of its inability to meet the

requested pick-up time, and the Brewery and Landstar shall mutually determine an acceptable pick-up time. Delivery times will be determined by Landstar's load optimization system in accordance with Boston Beer's delivery parameters and Department of Transportation regulations.

2.2 Landstar's performance shall be rated on a monthly basis by Brewery as follows:

*
-

Pick-up time shall be the time agreed upon by the Brewery representative and Landstar. Delivery time shall be the time estimated by Landstar's load optimization system immediately prior to pick-up.

2.3 If Landstar's performance during any month is rated as Unsatisfactory, Landstar and Boston Beer, and if necessary, its designated Brewery representatives, shall meet as soon as practicable to determine corrective actions to improve Landstar's performance. In the event that Landstar's performance is

Unsatisfactory for three months in any four month period, Boston Beer shall have the right to immediately terminate this Agreement per the provisions of Section 6.

2.4 Landstar will fulfill the following in regards to the timely pick-up and delivery of returnable items:

(a) Landstar will determine what returnable items are available at a receiving Customer facility upon scheduling delivery of products from brewery;

(b) Landstar must contact every Customer at the time a delivery appointment is made to determine availability/need to have returnable items picked up;

(c) Upon receipt of Beer Return Claim (BRC) or Empty Container Return (ECR) forms from a Customer that has a return load of at least three pallet positions, Landstar will make commercially reasonable efforts to pick up orders within one (1) week if order is larger than 1/2 of a truckload. Landstar will pick up orders within two (2) weeks if order is smaller than 1/2 of a truckload. The BRC and ECR forms shall act as the bill of lading for the shipment.

3. Reporting.

3.1 Electronic Data Interchange - Landstar shall provide the following

information electronically in a form usable by applicable Boston Beer systems:

(a) Shipment Status Messages: on a daily basis, tracks carrier

appointments, and confirms pick-up and delivery, to include the following:

- (i) Loading and delivery appointments
- (ii) ETA to consignee
- (iii) Date and time of arrival at consignee
- (iv) Date and time of departure from consignee.

(b) Electronic Freight Billing: Freight invoices to be transmitted

as frequently as set forth in the Agreement; each invoice shall include the following:

- (i) Date and place of pickup
- (ii) Consignee name
- (iii) Freight Authorization Number (FAN), freight bill number, bill of lading, Boston Beer Order Number and Boston Beer general ledger account number
- (iv) Equipment type
- (v) Charge Description, including weight of shipment, quantity shipped, rate method, mileage, and amount charged
- (vi) Stop-off information and stop charges.

3.2 Other Reports. The following reports shall be submitted by Landstar

to Boston Beer as frequently as set forth below, by method mutually agreed-upon by Landstar and Boston Beer. Weekly reports must be submitted by each Tuesday for the prior week. Monthly reports shall be submitted by the fifth business day of each calendar month for the previous calendar month:

- (a) On-time pick-up by Brewery - Weekly and Monthly
- (b) On-time delivery by Brewery - Weekly and Monthly
- (c) % Utilization by weight & cubic volume, lane, Outbound by Brewery - Weekly and Monthly
- (d) Freight Amount Charged by Wholesale Distributor - Monthly
- (e) Freight Amount Charged by Brewery/Return Location/Warehouse, Outbound & Inbound - Monthly
- (f) Number of stops per truck by Brewery - Monthly
- (g) Damage claims by Brewery and status - Weekly
- (h) Standard Financial Statements - Annually

Exhibit C

Additional Landstar Obligations

1.1 Boston Beer has estimated in good faith that its shall incur * in freight charges with Landstar based on the provisions of Section 3 of the Agreement for the shipment of Goods to and from the Primary Breweries and Warehouses. Based on this estimate, Landstar agrees to assign up to *, or another location of Boston Beer's choosing, for as long as this Agreement remains in effect and Boston Beer's * estimate of freight charges are at least *, to coordinate the load optimization and logistics planning contemplated by this Agreement. For each additional * estimated to be spent * by Boston Beer with Landstar, Landstar shall assign *. However, in no way shall Boston Beer be liable to Landstar for any costs associated with Landstar's provision of such personnel if in any * the actual freight charges incurred by Boston Beer and payable to Landstar shall not meet the estimated levels for that year.

1.2 In addition to any personnel provided per the provisions of Paragraph 1.1 of this Exhibit D, Landstar shall provide the following personnel at the following locations during the Term of this Agreement

- (a) Cincinnati: 1 full-time Terminal Manager, 1 Full-time Second Shift Dispatcher, 1 full-time Shuttle Driver.
- (b) Lehigh: 1 full-time Lead Dispatcher/Driver
- (c) Rochester: 1 full-time Lead Dispatcher/Driver
- (d) Pittsburgh: 1 full-time Lead Dispatcher/Driver
- (e) Ludlow: 1 full-time Terminal Manager

1.3 Landstar shall pay all salaries and benefits for any personnel assigned to any Boston Beer Location, including appropriate workman's compensation insurance to the extent required by law. Landstar shall treat all such personnel as employees of or independent contractors to Landstar. None of such personnel shall be treated as employees of Boston Beer or any Brewery or Warehouse for any purpose whatsoever. Boston Beer shall provide appropriate reasonable space required at its own cost and expense. The

necessary hardware, software, data lines or other items needed to properly operate Landstar's systems (i.e., Landstar's * or any other applicable programs) to be used by the assigned personnel in performance of the services required hereunder shall be provided by Landstar at its cost and expense. Landstar shall work at its own cost and expense with Boston Beer on integration of these programs and associated systems with Boston Beer systems. Landstar shall cover all other set-ups costs incurred not specifically set forth herein as being covered by Boston Beer.

1.4 Landstar shall utilize an automated load optimization system, *; hereinafter called the "Program"). Boston Beer shall be granted full access to and use of the system, and Boston Beer may use the system in conjunction with other load optimization systems, for modeling, testing and actual shipment use, for shipments from Primary and Secondary Breweries. Boston Beer may use the system to perform load optimization for loads to be delivered by carriers not contracted or affiliated with Landstar.

1.5 Landstar shall provide the following equipment at the following locations during the Term of this Agreement:

- (a) Cincinnati: 30 domiciled tractors and drivers.
- (b) Lehigh: 15 domiciled tractors and drivers
- (c) Rochester: 10 domiciled tractors and drivers
- (d) Pittsburgh: 8 domiciled tractors and drivers
- (e) Ludlow: 15 domiciled tractors and drivers

1.6 Landstar shall implement and operate a shuttle/drop service at Cincinnati, and shall arrange directly with individual carriers for the charges for shuttle/drop service.

1.7 In the event that it is mutually determined by Landstar and Boston Beer, or its Cincinnati Brewery

representative, that the use of the Shuttle Driver is both timely and cost effective for local shipments (i.e., under ten hours round-trip), in lieu of the charges set forth in Exhibit C, Boston Beer will be charged *.

1.8 In the event that the Program, using the Czarlite tariff schedule, determines that Less-Than-Truck-Load (LTL) rates are more cost effective than the Schedule C rates for any particular shipments, Landstar shall be allowed to ship Goods via LTL shipment. The charge to Boston Beer for any LTL shipment shall be the LTL rate calculated by the Program, provided that if the actual rate paid is less than the calculated rate, one-half of the difference between the calculated rate and the actual LTL rate paid shall be credited against the amount invoiced to Boston Beer.

1.9 In the event that the equipment that is arranged by Landstar to transport an optimized load is not large enough to accommodate the full load, the amount charged to Boston Beer shall be proportionally reduced to correspond with the actual lading tendered.

1.10 Utilization of consolidation services such as the National Transportation Exchange that result in load costs below the proportional charge that would be applicable per the Schedule C rates shall be acceptable, provided that Boston Beer shall be charged the Exhibit C rate less *.

Exhibit D
Rate Schedule

*

Exhibit E

Confidentiality Agreement

Exhibit F

Addresses for Notices

IF TO BOSTON BEER:

The Boston Beer Company
75 Arlington Street, 5th Floor
Boston, MA 02116

Attn: Jeff White, Vice President of Operations, and to, Transportation
Representative: Rex Vanier, or as otherwise designated by Boston
Beer

with a copy, to the same address, to the attention of: Corporate
Secretary

IF TO LANDSTAR:

Landstar Logistics, Inc.
4077 Woodcock Drive
Jacksonville, FL 32207

Attn: _____

<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.

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<FN>
<F1>THIS NUMBER INCLUDES 16,415,010 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>