

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

December 19, 2017

The Boston Beer Company, Inc.

(Exact name of registrant as specified in its charter)

Massachusetts

001-14092

04-3284048

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

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

One Design Center Place, Suite 850, Boston,  
Massachusetts

02210

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(617) 368-5000

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

[Top of the Form](#)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company [  ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [  ]

---

## Item 5.02 Departure of Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

### **2018 Bonus Opportunities**

At its meeting on December 19, 2017, the Compensation Committee of the Board of Directors of the Company approved Shared Company-Wide Goals (the “Goals”) and related 2018 bonus objectives for the Company’s Named Executive Officers (“NEOs”). The Goals consist of achieving: (1) certain depletions targets over 2017, which are weighted as 60% of the Goals; (2) certain Earnings Before Interest & Tax (“EBIT”) targets, which are weighted as 20% of the Goals; and (3) the generation of certain resource efficiency and cost savings targets, which are weighted as 20% of the Goals. Bonus payouts will be determined in accordance with a scale that provides for between 0% and 250% payout, based on the Company’s performance against the depletions, EBIT, and resource efficiency targets in 2018 (the “Scale”). The payout levels will be based on the weighting and achievement of those targets. Assessment of the achievement of the Goals is within the purview of the Compensation Committee.

The 2018 bonus opportunities for the NEOs, approved by the Compensation Committee, will be 100% based on the Company’s performance against the Goals in accordance with the Scale. If the Company achieves the 100% payout level on the Scale, the bonus potential of the NEOs will range between 50% and 60% of their respective base salaries. The bonus potential of the Company’s NEOs are as follows:

Frank H. Smalla, Chief Financial Officer and Treasurer: 60% of base salary;  
John C. Geist, Chief Sales Officer: 60% of base salary;  
Jonathan N. Potter, Chief Marketing Officer: 50% of base salary; and  
Quincy B. Troupe, Senior Vice President, Supply Chain: 50% of base salary.

The bonus potential of the Company’s other executive officers will range between 25% and 100% of their respective base salaries, with payout levels to be calculated in accordance with the Scale.

As provided in his February 2, 2017 Retirement Agreement, President & CEO Martin F. Roper is not eligible for a 2018 bonus opportunity based on the Company’s 2018 performance.

### **Equity Compensation**

At its meeting on December 19, 2017, the Compensation Committee approved, subject to ratification and approval by the full Board of Directors, the following option and restricted stock award grants of shares of the Company’s Class A Common Stock, pursuant to the Company’s Restated Employee Equity Incentive Plan (“EEIP”). The grants were subsequently ratified and approved by the full Board of Directors at its December 20, 2017 meeting, and all will be effective on January 1, 2018.

#### *Equity Grants to NEOs*

The Compensation Committee approved grants of options to Mr. Geist, Mr. Smalla, Mr. Potter, and Mr. Troupe. The options will have accounting values as follows, based on the closing price of the Company’s Class A Common Stock on December 29, 2017: \$250,000 for Mr. Geist; \$250,000 for Mr. Smalla; \$200,000 for Mr. Potter, and \$175,000 for Mr. Troupe.

The extent to which the options may become exercisable will be dependent upon the Company achieving certain compounded annual growth rate targets based on net revenue growth in Fiscal Year 2019 over Fiscal Year 2017. The determination of the eligibility for vesting of these options will be made by the Compensation Committee before March 1, 2020. If the primary growth target is achieved, the options will vest as to 33% of the underlying shares on March 1, 2020, 33% on January 1, 2021, and 34% on January 1, 2022, contingent on continued employment on the applicable vesting dates and subject to accelerated vesting upon the occurrence of certain specified events. If the secondary growth target is achieved and the primary growth target is not achieved, the options will vest as to 16.5% of the underlying shares on March 1, 2020, 16.5% on January 1, 2021, and 17% on January 1, 2022, contingent on continued employment on the applicable vesting dates and subject to accelerated vesting upon the occurrence of certain specified events. The options will lapse to the extent that the growth targets are not met.

Additionally, the Compensation Committee approved grants to Mr. Geist, Mr. Smalla, Mr. Potter, and Mr. Troupe of restricted stock. The restricted stock awards will have accounting values as follows, based on the closing price of the Company’s Class A Common Stock on December 29, 2017: \$250,000 for Mr. Geist; \$250,000 for Mr. Smalla; \$200,000 for Mr. Potter, and \$200,000 for Mr. Troupe. These restricted stock awards will vest 20% per year on January 1 in each of the years 2019 through 2023, contingent on continued employment on the respective vesting dates, and subject to accelerated vesting upon the occurrence of certain specified events.

The Compensation Committee did not award equity to Mr. Roper due to his previously announced pending retirement.

#### *Other Equity Grants*

In addition to the equity awards to the NEOs outlined above, the Compensation Committee approved grants of option awards to three other executive officers and one other senior manager, with an aggregate accounting value of \$575,000, based on the closing price of the Company’s Class A Common Stock on December 29, 2017. The options will be subject to the same vesting criteria and schedule as the options granted to the NEOs and will also be effective on January 1, 2018.

The approved equity grants also include an aggregate of \$2,718,000 in restricted stock awards to five non-NEO executive officers and to other senior managers and key employees of the Company, all to be effective as of January 1, 2018. These restricted stock awards will vest 20% per year on January 1 in each of the years 2019 through 2023, contingent on continued employment on the respective vesting dates, and subject to accelerated vesting upon the occurrence of certain specified events.

**Amendments to the EEIP and the Amended and Restated 1996 Stock Option Plan for Non-Employee Directors (“Director Option Plan”).**

Based on the Compensation Committee’s recommendation, the Board of Directors, also at its meeting on December 20, 2017, amended the EEIP and the Director Option Plan. The EEIP was amended to: (1) extend the time within which discretionary options may be exercised following the death of an optionee for discretionary options granted on and after January 1, 2018; and (2) clarify that shares issued under the EEIP may be subject to additional Company policies in addition to the terms of the EEIP. The Director Option Plan was also amended to clarify that shares issued under the Plan may be subject to additional policies in addition to the terms of the Directors Plan.

Copies of the EEIP and the Director Option Plan, as amended, are attached hereto as Exhibits 10.1 and 10.2, respectively, and incorporated by reference herein.

**Approval of the Class B Stockholder**

The above bonus opportunities, equity compensation grants, and amendments to the EEIP and Director Option Plan were approved by the sole holder of the Company’s Class B Common Stock.

---

Exhibit Index

| <u>Exhibit No.</u> | <u>Description</u>   |
|--------------------|--|
| 10.1               | <a href="#">The Boston Beer Company, Inc. Restated Employee Equity Incentive Plan dated December 20, 2017</a>                                |
| 10.2               | <a href="#">The Boston Beer Company, Inc. Amended and Restated 1996 Stock Option Plan for Non-Employee Directors dated December 20, 2017</a> |

---

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

The Boston Beer Company, Inc.

December 21, 2017

By: */s/ Martin F. Roper*

---

*Name: Martin F. Roper*

*Title: President & Chief Executive Officer*

---



**The Boston Beer Company, Inc.**  
**Restated Employee Equity Incentive Plan**

**1. Purpose; History.**

(a) The purpose of The Boston Beer Company, Inc. (the “Company”, which term for purposes of eligibility to participate shall include all of the affiliates of The Boston Beer Company, Inc., including Boston Beer Corporation, a Massachusetts corporation) Employee Equity Incentive Plan (the “Plan”) is to provide additional incentive for management and other employees of the Company, selected for participation in the Plan, to promote the growth and success of the Company’s business, and to reward them for such growth and success, by making available to them shares of the Company’s Class A [Limited Voting Rights] Common Stock (\$0.01 par value) (“Class A Stock”).

(b) The Plan was originally adopted on November 20, 1995. As adopted, the Plan provided for Management Options, Discretionary Options and Investment Shares. The maximum number of shares of the Company’s Class A Common Stock, \$0.01 par value per share (the “Class A Stock”), originally authorized for issuance under the Plan was 1,687,500 shares. On October 20, 1997, the Board of Directors of the Company (the “Board”) and the sole holder of the Company’s outstanding Class B Common Stock, \$0.01 par value per share (the “Class B Stock”), amended the Plan to provide for an additional 1,000,000 authorized shares of Class A Stock and, on December 19, 1997, the Board further amended the Plan to delete the provisions that had permitted the grant of Management Options at a per share exercise price of \$0.01 and to provide for a shift from the Board’s Compensation Committee (the “Compensation Committee”) to the full Board authority to act under the Plan, based on recommendations brought to it by the Compensation Committee. On December 14, 2001, the Plan was amended to provide for an additional 1,000,000 authorized shares of Class A Stock.

(c) On December 20, 2005, the Board further amended the Plan, formally striking the discontinued Management Options provisions and inserting the Board’s right to grant shares of restricted stock (“Restricted Stock Grants”). On December 19, 2006, the Board further amended the Plan to provide for an additional 500,000 authorized shares of Class A Stock, to change the method used in valuing shares of Class A stock for purposes of the Plan and to grant the Board discretion to waive eligibility requirements in granting Discretionary Options and Restricted Stock Grants. On December 21, 2007, the Plan was amended to provide for an additional 1,000,000 authorized shares of Class A Stock. October 30, 2009, the Plan was amended to provide for an additional 812,500 authorized shares of Class A Stock. On October 8, 2013, the vesting provisions with respect to Investment Shares were amended. On October 8, 2014, the Plan was restated to reflect formally certain procedures and practices followed with respect to Restricted Stock Grants and Discretionary Options. On December 9, 2015, the Plan was amended to provide for an additional 700,000 authorized shares of Class A Stock. On December 20, 2017, the Plan was amended to: (i) extend the time within which Discretionary Options may be exercised following the death of an Optionee for Discretionary Options granted on and after January 1, 2018; and (ii) clarify that shares issued hereunder may be subject to additional Company policies in addition to the terms of this Policy.

**2. Shares Covered By the Plan.**

The maximum number of shares of Class A Stock that may be issued under the Plan is 6,700,000 shares, subject to adjustment in accordance with Section 11 of the Plan. Shares of Class A Stock which are the subject of Restricted Stock Grants (as defined in Section 5) or Discretionary Options (as defined in Section 6) or Management Options granted under the Plan prior to its amendment on December 19, 1997, which lapse unexercised or Investment Shares which do not become Vested Shares (as defined in Section 7) and are repurchased by the Company pursuant to Section 7(g), or which are redeemed by the Company pursuant to Section 7(f) shall again be available for issuance hereunder. The maximum number of such shares that may be granted hereunder to an individual recipient per calendar year shall not exceed 1,000,000.

**3. Administration of the Plan.**

The Plan shall be administered by the Board. In its sole discretion, the Board shall have the power to:

(i) select employees to be granted Restricted Stock Grants pursuant to Section 5 of the Plan and Discretionary Options pursuant to Section 6 of the Plan;

(ii) authorize Restricted Stock Grants and the grant of Discretionary Options, pursuant to Sections 5 and 6 of the Plan;

(iii) construe the Plan;

(iv) determine all questions arising under the Plan;

(v) including as hereinafter provided, delegate to the Compensation Committee of the Board or one or more officers of the Company power to make and administer grants to different categories of employees of the Company (in which case such delegatee(s) shall be considered the “Board” hereunder for purposes of such grants); and

(vi) adopt and amend such rules and regulations for the administration of the Plan as it may deem desirable.

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

**4. Eligibility.**

Employees eligible to participate in the Plan (“Eligible Employees”) are those employees of the Company who:

(i) except as otherwise determined by the Board on the recommendation of the Board’s Compensation Committee, have been employed by the Company for at least one (1) year or whose earlier participation is approved by the Board in connection with his or her becoming an employee;

(ii) have entered into an Employment Agreement (the “Employment Agreement”) with the Company containing such terms and conditions as the Board in its discretion may from time to time require; and

(iii) In the case of Restricted Stock Grants and Discretionary Options, have been recommended to the Board by the Board’s Compensation Committee, taking into account each prospective grantee’s or optionee’s level of responsibility, performance, potential and such other considerations as the Board or such Committee deems appropriate.

## 5. Restricted Stock Grants.

The Compensation Committee, subject to ratification by the Board and the holders of a majority of the Class B Stock, may, from time to time, grant to Eligible Employees shares of Class A Stock, subject to such vesting criteria and other terms and conditions, as the Board shall determine. Except as otherwise determined from time to time by the Board in connection with specific Restricted Stock Grants, Restricted Stock Grants shall vest over the period of five (5) years after the grant date at the rate of twenty percent (20%) of the shares covered thereby per year, so long as the recipient continues to be employed by the Company as of each vesting date. All Restricted Stock Grants shall be reflected in a restricted stock agreement, setting forth the applicable vesting criteria, terms and conditions, and otherwise in a form approved from time to time by the Board.

## 6. Discretionary Options.

(a) The Compensation Committee, subject to ratification by the Board and the holders of a majority of the Class B Stock, may also, from time to time, grant to Eligible Employees (individually, an Optionee and collectively, “Optionees”) options (“Discretionary Options”) to acquire shares of Class A Stock (“Option Shares”), on such terms and conditions, including exercise price (which shall not be less than the fair market value of such shares as of the date of grant), as the Board shall determine.

(b) Except as the Board may from time to time otherwise determine with respect to a particular Discretionary Option, each Discretionary Option shall be set forth in an Option Agreement, containing such terms and conditions as the Board in its discretion may from time to time require, which shall include in any event the following terms, conditions and restrictions:

(i) Except as otherwise determined from time to time by the Board in connection with specific options, the right to exercise each Discretionary Option shall vest over the period of five (5) years after the date on which the Option was granted (the “Option Date”), at the rate of twenty percent (20%) of the Option Shares covered thereby per year, so long as the Optionee continues to be employed by the Company as of each vesting date, *provided that* (1) the Board may in its discretion permit accelerated vesting, (2) the Board may tie exercisability to performance criteria determined by the Board in its discretion, and (3) the Board may tie exercisability to compliance by an Optionee with any applicable restrictive covenants.

(ii) Except as determined by the Board from time to time, each Discretionary Option shall terminate on the earliest to occur of the expiration of: (1) ten (10) years after the Option Date; (2) ninety days after the Optionee ceases to be an employee of the Company, other than by reason of his or her death; or (3) one (1) year after the Optionees ceases to be an employee because of his or her death.

## 7. Performance-Based Measures for Certain Grants.

The performance measure(s) to be used for Restricted Stock Grants or Discretionary Options granted to senior executive employees that are designed to qualify for the performance-based compensation exception under Section 162(m) of the Internal Revenue Code of 1986 as amended shall be chosen from among:

- (a) Earnings per share;
- (b) Net income (before or after taxes);
- (c) Cash flow (including, but not limited to, operating cash flow and free cash flow);
- (d) Gross revenues or Gross Volume;
- (e) Depletions;
- (f) Gross Profit or Gross Margins;
- (g) EBITDA;
- (h) Percentage increases in any of the above measures; and

(i) Any of the above measures compared to peer or other companies. Performance measures may be set either at the corporate level, subsidiary level, division level, or business unit level.

## 8. Purchase of Investment Shares.

Eligible Employees may also become “Participants” in the Plan and invest up to ten percent (10%) of their most recent annual compensation (base salary and bonus, if any) in whole shares (“Investment Shares”) of Class A Stock. The number of Investment Shares which can be purchased by each Participant will be computed by dividing 10% of the Participant’s eligible compensation up to a maximum of \$175,000 by the Investment Share Value (as defined in Section 7(c)). After a Participant has been employed by the Company for at least two (2) years, Investment Shares will be issued at a discount from Investment Share Value based on length of service. The cost to the Participant will be the Investment Share Value, discounted, if applicable, according to the schedule in Section 7(c). For each full year Investment Shares are held after issuance and the Participant remains employed with the Company, twenty percent (20%) will become fully vested, except for those Participants who are age 64 or older, for whom one hundred percent (100%) of the Investment Shares will become fully vested (“Vested Shares”). Investment Shares not yet vested shall cease to vest upon the termination of a Participant’s employment with the Company, except as otherwise

then determined by the Board, unless such termination was because of death or disability, whereupon such death or disability termination the Participant's unvested Investment Shares shall vest. Notwithstanding the foregoing, unvested Investment Shares outstanding at January 1, 2014 shall also vest upon the Participant's attainment of age 65 while employed by the Company, and Investment Shares issued to a Participant on or after January 1, 2014 who is age 64 or older shall vest on the first anniversary of issuance if the Participant is still then employed by the Company.

(a) The maximum number of Investment Shares that may be issued to each Participant at any time will be equal to ten percent (10%) of his or her most recent annual compensation (base salary and bonus, if any) up to a maximum of \$17,500, divided by the applicable Discounted Investment Share Value then in effect under Section 7(c), below.

(b) The issuance price for Investment Shares will be based on the then Investment Share Value. Investment Share Value shall be the closing price at which shares of Class A stock traded on the New York Stock Exchange or on any other exchange on which such shares may be traded, on the day next preceding the date of a Participant's investment in Investment Shares, which ordinarily shall be effective as of January 1 in each applicable year. The issuance price for Investment Shares will be the "Discounted Investment Share Value", determined based on discounts from Investment Share Value, keyed to each Eligible Employee's tenure with the Company.

Prior to 2 full years of employment, there will be no discount

After 2 full years of employment, the discount will be 20%

After 3 full years of employment, the discount will be 30%

After 4 full years of employment, the discount will be 40%

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

(d) All Investment Shares which have not yet vested shall be held in escrow by an escrow agent selected by the Board, pursuant to an Investment Share Escrow Agreement, in a form approved from time to time by the Board.

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

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

## **9. Provisions Relating to Securities Act.**

Notwithstanding any other provision of the Plan, the Company may delay the issuance of Option Shares covered by the exercise of a Discretionary Option or any Restricted Stock Grant shares that have vested or Investment Shares which have become Vested Shares (in any case, "Shares") until one of the following conditions shall be satisfied:

(i) Such Shares are at the time of issuance effectively registered under applicable federal and state securities acts, as now in force or hereafter amended; or

(ii) Counsel for the Company shall have given an opinion, which opinion shall not be unreasonably conditioned or withheld, that the issuance of such Shares is exempt from registration under applicable federal and state securities acts, as now in force or hereafter amended.

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

## **10. Expenses of the Plan.**

All costs and expenses of the adoption and administration of the Plan shall be borne by the Company, and none of such expenses shall be charged to any recipient of a Restricted Stock Grant, Optionee or Participant.

## **11. No Contractual Right to Participate and No Right to Continued Employment.**

Nothing in the Plan shall be deemed to give any employee of the Company, or his or her legal representatives or assigns, or any other person claiming under or through him or her, any contractual or other right to participate in the benefits of the Plan. Nothing in the Plan and no action or grant thereunder shall be construed to constitute or be evidence of any agreement or understanding, express or implied, on the part of the Company to employ or retain in its employ for any specific period of time any recipient of a Restricted Stock Grant, Optionee or Participant. No Discretionary Option shall give to the recipient any rights as a stockholder in the Company or any rights in any Option Shares, except to the extent the Option has been exercised and Option Shares issued.

## **12. Dilution and Other Adjustments.**

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

## **13. Transferability.**

No right or interest under the Plan of any Eligible Employee shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy or in any other manner, other than by will or the laws of descent and distribution; and no such right or interest of any Eligible Employee shall be subject to any obligation or liability of such Eligible Employee. The Option shall be null and void and without effect upon the bankruptcy of the Optionee or upon any attempted assignment or transfer, except as hereinabove provided, including without limitation any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition contrary to the provisions hereof, or levy of execution, attachment, trustee process or similar process, whether legal or equitable, upon the Option.

## **14. Withholding of Income Taxes.**

The Company shall have the right to deduct from amounts otherwise payable by the Company to any recipient of a Restricted Stock Grant, Optionee or Participant by way of salary or wages or otherwise, any Federal, state or local taxes required by law to be withheld with respect to the exercise of a Discretionary Option granted under the Plan or the purchase or vesting under the Plan of Investment Shares or shares subject to a Restricted Stock Grant which results in taxable income to the recipient of the Restricted Stock Grant, Optionee or Participant.

## **15. Rights Subject to Company Policies.**

In addition to the terms and conditions outlined herein, Discretionary Options, Restricted Stock Grants, or Investment Shares issued under the Plan and any transaction related thereto may also be subject to the Company's Insider Trading Policy, Executive Compensation Recovery Policy, Ban on Hedging/Pledging Company Stock, or other similar policies established by the Company. The Company will ensure that copies of such documents are readily available and accessible to all employees.

## **16. Amendment and Termination of the Plan.**

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

*Approved by the Board of Directors on the recommendation of the Compensation Committee and by the sole holder of the Class B Common Stock of the Company on December 20, 2017, effective for grants and issuances made effective on and after January 1, 2018.*

**The Boston Beer Company, Inc.**  
**Amended and Restated 1996 Stock Option Plan for Non-Employee Directors**

**1. Purpose**

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

**2. Shares Subject to the Plan**

The total number of shares of Class A Common Stock, par value \$.01 per share (“Shares”), of Boston Beer for which options may be granted under the Plan shall not exceed 550,000 in the aggregate, subject to adjustment in accordance with Section 9 hereof.

**3. Eligibility; Grant of Option**

Each Non-Employee Director shall be granted an option under the Plan to acquire the greatest number of whole shares of Class A Common Stock with a value of One Hundred Fifteen Thousand Dollars (\$115,000.00) as computed using the binomial option-pricing model as of the date of grant upon his or her initial election to the Board of Directors of Boston Beer (the “Board”), effective as of the date of such election or appointment. In addition, each Non-Employee Director shall be granted an option under the Plan to acquire the greatest number of whole shares of Class A Common Stock with a value of One Hundred Fifteen Thousand Dollars (\$115,000.00) as computed using the binomial option-pricing model as of the date of grant upon his or her election or reelection to the Board at an annual meeting of shareholders or, in the event a new Non-Employee Director is elected or appointed to the Board after the date of the annual meeting of the shareholders of Boston Beer, the number of Shares underlying the option granted to the new Non-Employee Directors shall be pro-rated based upon the number of regular meetings of the Board remaining prior to the next annual meeting of shareholders, effective as of the date of such election or appointment. The options shall be non-qualified options not intended to meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”).

**4. Option Agreement**

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

**5. Option Exercise Price**

Subject to the provisions of Section 9 hereof, the option exercise price for options granted under the Plan shall be the fair market value of the Shares covered by the option on the date of grant of the option. For the purposes hereof and of Section 6(b), the fair market value of Shares shall be the closing price of Class A Common Stock reported by the New York Stock Exchange or any other national securities exchange on which such shares may be primarily traded, on the last trading day before the date of grant, provided that if the Class A Common Stock of Boston Beer is not listed on or actually trading on the New York Stock Exchange or another national securities exchange, fair market value shall be determined in good faith by the Board.

**6. Time and Manner of Exercise of Option**

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

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

**7. Term of Options**

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

(b) In the event of the death of an optionee, the option granted to such optionee may be exercised by the estate of such optionee or by any person or persons who acquired the right to exercise such option by bequest or inheritance or otherwise by reason of the death of such

optionee. Such option may be exercised at any time within one (1) year after the date of death of such optionee, at which time the option shall terminate, or prior to the date on which the option otherwise expires by its terms, whichever is earlier.

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

## **8. Options Not Transferable**

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

## **9. Adjustments Upon Changes in Capitalization**

In the event that the outstanding shares of the Class A Common Stock of Boston Beer are changed into or exchanged for a different number or kind of shares or other securities of Boston Beer or of another corporation by reason of any reorganization, merger, consolidation, recapitalization, reclassification, stock split-up, combination of shares or dividends payable in capital stock, appropriate adjustment shall be made in the number and kind of shares as to which outstanding options, or portions thereof then unexercised, shall be exercisable, to the end that the proportionate interest of the optionee shall be maintained as before the occurrence of such event, and such adjustment in outstanding options shall be made without change in the total price applicable to the unexercised portion of such options and with a corresponding adjustment in the option price per share.

## **10. Restrictions on Issue of Shares**

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

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

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

## **11. Rights on Holder on Purchase for Investment; Subsequent Registration**

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

## **12. Loans Prohibited**

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

## **13. Approval of Shareholders**

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

#### **14. Expenses of the Plan**

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

#### **15. Termination and Amendment of Plan**

Unless sooner terminated as herein provided, the Plan shall terminate on May 21, 2026. The Board may at any time terminate the Plan or make such modification or amendment thereof as it deems advisable; provided, however, that, except as provided in Section 9 hereof, no modification or amendment to the provisions of the Plan may be made more than once every six (6) months other than to comport with changes in the Code, the Employee Retirement Income Security Act, or the rules thereunder, if the effect of such amendment or modification would be to change (i) the requirements for eligibility under the Plan, (ii) the timing of the grants of options to be granted under the Plan or the exercise price thereof, or (iii) the number of Shares subject to options to be granted under the Plan either in the aggregate or to one Director. Any amendment to the provisions of the Plan which (i) materially increases the number of Shares which may be subject to options granted under the Plan, (ii) materially increases the benefits accruing to Non-Employee Directors under the Plan, or (iii) materially modifies the requirement for eligibility to participate in the Plan, shall be subject to approval by the holders of Boston Beer's Class B Common Stock obtained in the manner stated in Section 13 hereof. Termination or any modification or amendment of the Plan shall not, without the consent of an optionee, affect his or her rights under an option previously granted to him or her.

#### **16. Limitation of Rights in the Option Shares**

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

Each option granted under the Plan and any transaction related thereto shall be subject to Boston Beer's Insider Trading Policy, Stock Ownership and Retention Guidelines, Ban on Hedging/Pledging Company Stock, and any other similar policies or guidelines established by the Company. Boston Beer will ensure that copies of such documents are readily available and accessible to all Non-Employee Directors.

#### **17. Notices**

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

#### **18. Compliance with Rule 16b-3**

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

*Approved by the Board of Directors and by the holders of the Class B Common Stock of the Company on December 20, 2017.*