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

FORM 10-Q

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

For the quarterly period ended

SEPTEMBER 25, 1999

OR

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

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

Commission file number: 1-14092

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

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

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

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

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

Yes X No

Number of shares outstanding of each of the issuer's classes of common stock, as of November 2, 1999:

CLASS A COMMON STOCK, $.01 PAR VALUE	16,425,295
CLASS B COMMON STOCK, $.01 PAR VALUE	4,107,355
(Title of each class)	(Number of shares)

THE BOSTON BEER COMPANY, INC.
FORM 10-Q

QUARTERLY REPORT
SEPTEMBER 25, 1999

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

	September 25, 1999	December 26, 1998
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 7,810	$ 8,650
Short-term investments	44,147	45,256
Accounts receivable, net of the allowance for doubtful accounts of $1,313 and $1,309, respectively	14,291	12,062
Inventories	19,152	15,835
Prepaid expenses	515	1,125
Deferred income taxes	4,511	4,511
Other current assets	1,170	2,037
Total current assets	91,596	89,476
Equipment and leasehold improvements, net of accumulated depreciation of $19,631 and $15,460, respectively	25,701	28,165
Other assets	4,494	5,048
Total assets	$121,791	$122,689
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 7,940	$ 13,194
Accrued expenses	15,990	12,908
Current maturities of long-term debt	-	10,000
Total current liabilities	23,930	36,102
Long-term deferred taxes	1,116	1,116
Other long-term liabilities	4,936	3,443
Stockholders' Equity:		
Class A Common Stock, $.01 par value; 22,700,000 shares authorized; 16,425,967 and 16,394,245 issued and outstanding as of September 25, 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	56,683	56,548
Unearned compensation	(187)	(219)
Unrealized loss on short-term investments	-	(1)
Retained earnings	35,108	25,495
Total stockholders' equity	91,809	82,028
Total liabilities and stockholders' equity	$121,791	$122,689

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

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

	Three months ended		Nine months ended	
	September 25, 1999	September 26, 1998	September 25, 1999	September 26, 1998
Sales	$49,336	$52,205	$147,443	$157,674
Less excise taxes	5,188	5,341	15,257	16,523
Net sales	44,148	46,864	132,186	141,151
Cost of sales	18,759	22,686	57,344	68,853
Gross profit	25,389	24,178	74,842	72,298
Operating expenses:				

Advertising, promotional and selling expenses	18,339	17,382	51,097	49,316
General and administrative expenses	2,819	2,842	8,695	9,280
Total operating expenses	21,158	20,224	59,792	58,596
Operating income	4,231	3,954	15,050	13,702
Other income (expense):				
Interest income	575	599	1,663	1,550
Interest expense	-	(159)	(148)	(486)
Other income (expense), net	(34)	(14)	(23)	(1,732)
Total other income (expense), net	541	426	1,492	(668)
Income before provision for income taxes	4,772	4,380	16,542	13,034
Provision for income taxes	2,004	1,743	6,929	5,989
Net income	$ 2,768	$ 2,637	$ 9,613	$ 7,045
Earnings per share - basic	$0.13	$0.13	$0.47	$0.34
Earnings per share - diluted	$0.13	$0.13	$0.47	$0.34
Weighted average shares - basic	20,531	20,495	20,523	20,481
Weighted average shares - diluted	20,579	20,573	20,571	20,579

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

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

	Nine months ended	
	September 25, 1999	September 26, 1998
Cash flows from operating activities:		
Net income	$ 9,613	$ 7,045
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,314	3,920
Gain on disposal of fixed assets	(12)	-
Loss on write-down of marketable equity security	-	1,435
Bad debt expense	-	325
Stock option compensation expense	83	152
Changes in assets and liabilities:		
Accounts receivable	(2,300)	(721)
Inventory	(3,317)	(4,589)
Prepaid expenses	610	2,593
Other current assets	891	209
Other assets	59	253
Accounts payable	(5,254)	1,113
Accrued expenses	3,082	3,518
Other long-term liabilities	1,892	2,250
Net cash provided by operating activities	9,661	17,503
Cash flows from investing activities:		
Purchases of fixed assets	(1,769)	(4,770)
Purchases of short-term investments	(42,306)	(10,134)
Proceeds from the maturities of short-term investments	43,415	6,000
Proceeds from the sale of a marketable equity security	-	2,851
Proceeds from the sale of fixed assets	100	-
Net cash used in investing activities	(560)	(6,053)
Cash flows from financing activities:		
Proceeds from exercise of management incentive options	-	37
Proceeds from sale of common stock under stock purchase plan, net of repurchases	59	72
Repayment of debt	(10,000)	-
Net cash (used in) / provided by financing activities	(9,941)	109
Net (decrease) / increase in cash and cash equivalents	(840)	11,559
Cash and cash equivalents at beginning of period	8,650	13
Cash and cash equivalents at end of period	$ 7,810	$ 11,572
Supplemental disclosure of cash flow information:		
Interest paid	$ 276	$ 513
Income taxes paid	$ 2,135	$ 3,629

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

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

A. BASIS OF PRESENTATION

The Boston Beer Company, Inc. (the "Company") is engaged in the business of brewing and selling beer, ale and cider products throughout the United States and select international markets. The accompanying consolidated financial position as of September 25, 1999 and the results of its consolidated operations and consolidated cash flows for the three and nine months ended September 25, 1999 and September 26, 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 September 25, 1999 and the results of its consolidated operations and consolidated cash flows for the interim periods ended September 25, 1999 and September 26, 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 September 25, 1999, short-term investments consisted 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 $44.1 million as of September 25, 1999 and $45.3 million as of 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):

	September 25, 1999	December 26, 1998
Raw materials, principally hops	$16,684	$14,464
Work in process	677	778
Finished goods	1,791	593
	$19,152	$15,835

D. INCOME TAXES

The Company's effective tax rate increased to 42.0% for the three months ended September 25, 1999 from 39.8% for the three months ended September 26, 1998. For the nine months ended September 25, 1999, the Company's effective tax rate was 41.9%, as compared to 45.9% for the nine months ended September 26, 1998. The 1998 effective tax rates reflect the write-down and subsequent disposition of a marketable equity security held for sale. The write-down was recorded in the first quarter and partially recovered in the second quarter of 1998, when the security was sold at a higher than expected price. The disposition of the security resulted in the realization of a capital loss, from which the Company does not expect to fully realize the tax benefit. There was no such activity during 1999.

E. CREDIT FACILITY

As of March 31, 1999, the Company amended its credit facility and repaid the entire $10.0 million in borrowings outstanding on its then existing facility. As now in effect, the facility provides a $15.0 million revolving line of credit (which expires on March 31, 2004) and an additional $30.0 million facility, borrowings under which convert to a term loan on March 31, 2002. The Company incurs an annual commitment fee of 0.15% on the unused portion of the facility and 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 September 25, 1999.

F. LEASE COMMITMENTS

During the second quarter, The Company opted not to exercise its right to terminate the lease for its Boston-based brewery. As a result, the lease was automatically extended for a period of ten years, commencing January 1, 2000 and ending on December 31, 2009. Minimum lease payments over the ten year term total $1.1 million.

G. 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)		For the nine months ended (in thousands, except per share data)	
	September 25, 1999	September 26, 1998	September 25, 1999	September 26, 1998
Net income	$ 2,768	$ 2,637	$ 9,613	$ 7,045
Shares used in earnings per common share - basic	20,531	20,495	20,523	20,481
Dilutive effect of common equivalent shares	48	78	48	98
Shares used in earnings per common share - diluted	20,579	20,573	20,571	20,579
Earnings per common share - basic	$ 0.13	$ 0.13	$ 0.47	$ 0.34
Earnings per common share - diluted	$ 0.13	$ 0.13	$ 0.47	$ 0.34

H. 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)			
	September 25, 1999		September 26, 1998	
Net income		$2,768		$2,637
Other comprehensive income, net of tax:				
Foreign currency translation adjustments		-		8
Unrealized loss on security:				
Unrealized holding loss arising during period	-		-	
Plus: reclassification adjustments for capital gains included in net income	-	-	-	-
Other comprehensive income		-		8
Comprehensive income		$2,768		$2,645

H. COMPREHENSIVE INCOME (CONTINUED)

	For the nine months ended (in thousands)			
	September 25, 1999		September 26, 1998	
Net income		$9,613		$7,045
Other comprehensive income, net of tax:				
Foreign currency translation adjustments		-		290
Unrealized loss on security:				
Unrealized holding loss arising during period	-		788	
Plus: reclassification adjustments for capital losses included in net income	1	1	1,435	2,223
Other comprehensive income		1		2,513
Comprehensive income		$9,614		$9,558

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)		For the nine months ended (in thousands)	
	September 25, 1999	September 26, 1998	September 25, 1999	September 26, 1998
Beginning Balance	$ -	$ (8)	$(1)	$(2,513)
Unrealized gain on forward exchange contract	-	8	-	290
Unrealized gain on marketable equity security	-		-	788
Realized loss (gain) on marketable equity security	-		1	1,435
Ending balance	$ -	$ -	$ -	$ -

I. TRANSACTION BETWEEN STROH BREWERY COMPANY, PABST BREWING COMPANY AND MILLER BREWING COMPANY

Effective April 30, 1999, the Stroh Brewery Company ("Stroh") sold a majority of its beer brands and its Allentown, Pennsylvania, brewery (the "Allentown Brewery") to Pabst Brewing Company ("Pabst") and certain brands to Miller Brewing Company ("Miller") (collectively, the "Stroh Transactions"). 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. As anticipated, Stroh closed its Portland, Oregon brewery during the third quarter 1999. The Company's volume which was historically brewed at the Portland Brewery was transferred to a brewery in Tumwater, Washington (the "Tumwater Brewery"). Miller purchased the Tumwater Brewery from Pabst during the third quarter and has confirmed that it will assume Pabst's obligations to brew the Company's products at the Tumwater Brewery. The Company experienced shipping delays during the transition which resulted in approximately 7,000 barrels that were not shipped until the fourth quarter and accordingly will be reflected in the Company's results of operations for the quarter ending December 25, 1999. In addition, the Company expects to incur higher freight costs and increased capital expenditures as a result of the move, but does not believe that the effect on its results of operations, statement of financial position or statement of cash flows for the year ending December 25, 1999 will be material.

J. SUBSEQUENT EVENTS

Effective October 15, 1998, the Board authorized management to implement a stock repurchase, subject to an aggregate expenditure limitation of $10.0 million. On November 5, 1999 the Company repurchased 51,500 shares under this program.

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

The following is a discussion of the financial condition and results of operations of the Company for the three and nine-month periods ended September 25, 1999 as compared to the three and nine-month period ended September 26, 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 SEPTEMBER 25, 1999 COMPARED TO THREE MONTHS ENDED SEPTEMBER 26, 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".

NET SALES. Net sales decreased by $2.7 million or 5.8% to $44.1 million for the three months ended September 25, 1999 as compared to the three months ended September 26, 1998. The decline is primarily due to a decrease in volume.

Volume. Volume decreased by 13,000 barrels or 4.2% to 297,000 barrels in the three months ended September 25, 1999 from 310,000 barrels in the three months ended September 26, 1998. This decrease was primarily due to a decline in sales of certain year-round beer styles and a decline in the production of non-core products.

Total volume for Boston Beer's core brands decreased by 9,000 barrels or 3.1% to 283,000 barrels for the three months ended September 25, 1999 as compared to 292,000 barrels for the three months ended September 26, 1998. Nearly 7,000 barrels of this shortfall is attributed to brewery transition related issues related to the sale of the Stroh brewery in Portland, and trucking delays in Rochester due to equipment availability.

Volume relating to non-core products declined approximately 23%, representing approximately 30% of the total decline. Volume relating to non-core products was 14,000 barrels for the three months ended September 25, 1999 as compared to 18,000 barrels for the three months ended September 25, 1998. Management anticipates a continued decline in volume relating to non-core products.

Net Selling Price. The net selling price per barrel decreased by $2.48 or 1.6% to $148.88 per barrel for the three months ended September 25, 1999. Despite moderate unit price increases in certain markets, changes in the packaging mix of core brands and increased allowances for aged products have resulted in a decline of net selling price per barrel.

The Company packages its core brands in bottles and kegs. Keg sales as a percentage of total equivalent barrels of core brands were 29.7% for the three months ended September 25, 1999 as compared to 28.5% for same period last year. As the selling price per barrel is lower for kegs than bottles, this shift effectively decreased revenue per barrel.

GROSS PROFIT. Gross profit increased to 57.5% as a percentage of net sales or $85.62 per barrel for the three months ended September 25, 1999, as compared to 51.6% as a percentage of net sales or $78.09 per barrel for the three months ended September 26, 1998. The increase in gross profit is due primarily to a decline in cost of sales. Cost of sales decreased by $10.01 per barrel to 42.5% as a percentage of net sales or $63.26 per barrel for the three months ended September 25, 1999, as compared to 48.4% as a percentage of net sales or $73.27 per barrel for the three months ended September 26, 1998. This is primarily due to lower costs of certain raw materials, improvements in the production efficiency and utilization of the Cincinnati Brewery, a change in the packaging mix as described above and a decline in barrels shipped related to non-core products. Raw material costs were lower due to new contracts with certain vendors, and continued favorable prices on cyclical items such as corrugated material and malt.

ADVERTISING, PROMOTIONAL AND SELLING. Advertising, promotional and selling expenses increased by $1.0 million or 5.5% to $18.3 million for the three months ended September 25, 1999 as compared to $17.4 million for the three months ended September 26, 1998. As a percentage of net sales, advertising, promotional and selling expenses increased to 41.5% for the three months ended September 25, 1999 as compared to 37.1% for the same period last year. This is primarily due to a

significant increase in outdoor advertising expenditures and increases in radio advertising and market research. Increases in advertising expenditures were partially offset by a decline in point of sale expenditures. The Company experienced a sharp increase in point of sale expenditures during the second half of 1998 due to the introduction of the Company's new logo in the prior year.

INTEREST EXPENSE. The Company incurred no interest expense for the three months ended September 25, 1999 as compared to $159,000 for the three months ended September 26, 1998, as a result of the repayment on March 31, 1999 of the $10.0 million outstanding balance under the then existing lines of credit. At September 26, 1998, $10.0 million was outstanding on the then-existing $30.0 million line of credit. See footnote E to the Consolidated Financial Statements for further explanation.

PROVISION FOR INCOME TAXES. The Company's effective tax rate increased to 42.0% for the three months ended September 25, 1999 from 39.8% for the three months ended September 26, 1998. The 1998 effective tax rates reflect the write-down and subsequent disposition of a marketable equity security held for sale. The disposition of the security resulted in the realization of a capital loss, from which the Company does not expect to fully realize the tax benefit. There was no such activity during 1999. See footnote D to the Consolidated Financial Statements for further explanation.

NINE MONTHS ENDED SEPTEMBER 25, 1999 COMPARED TO NINE MONTHS ENDED SEPTEMBER 26, 1998

NET SALES. Net sales decreased by $9.0 million or 6.4% to $132.2 million for the nine months ended September 25, 1999 as compared to the nine months ended September 26, 1998. The decline is primarily due to a decrease in volume.

Volume. Volume decreased by 68,000 barrels or 7.2% to 875,000 barrels in the nine months ended September 25, 1999 from 943,000 barrels in the nine months ended September 26, 1998. This decrease was primarily due to a decline in sales of year-round beer styles (partially offset by an increase in seasonal beer styles) and a decline in the sale of non-core products.

Total volume for Boston Beer's core brands decreased by 5.0% to 838,000 barrels for the nine months ended September 25, 1999 as compared to 882,000 barrels for the nine months ended September 26, 1998. The decline in volume is a function of both increased competition from "better 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 in order to rationalize its product line, as a whole. As a result of this evaluation process, the Company discontinued certain year-round beer styles during the previous twelve months, thereby contributing to the decline in volume.

Volume relating to non-core products was 38,000 barrels for the nine months ended September 25, 1999 as compared to 61,000 barrels for the nine months ended September 26, 1998, representing approximately 35% of the total decline in volume.

Net Selling Price. The net selling price per barrel increased by $1.36 or less than 1% to $150.99 per barrel for the nine months ended September 25, 1999. This is due to a decline in sales of non-core products which have a lower selling price than core brands and normal price increases. These increases were partially offset by changes in the packaging mix of core brands.

GROSS PROFIT. Gross profit increased to 56.6% as a percentage of net sales or $85.49 per barrel for the nine months ended September 25, 1999, as compared to 51.2% as a percentage of net sales or $76.64 per barrel for the nine months ended September 26, 1998. The increase in gross profit is primarily due to a decline in cost of sales. Cost of sales decreased by $7.49 per barrel to 43.4% as a percentage of net sales or $65.50 per barrel for the nine months ended September 25, 1999, as compared to 48.8% as a percentage of net sales or $72.99 per barrel for the nine months ended September 26, 1998. This is primarily due to lower costs of certain raw materials, improvements in the production efficiency and utilization of the Cincinnati Brewery and a decline in barrels shipped of non-core products.

Raw material costs were lower due to new contracts with certain vendors, and continued favorable prices on cyclical items such as corrugated materials and malt. Expenses related to excess hops inventory and purchase commitment contracts amounted to $1.2 million for the nine months ended September 25, 1999 as compared $2.2 million for the same period last year. See "Hops Purchase Commitments" below for further discussion.

The gross profit margin on non-core products is 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 of less than 1%.

ADVERTISING, PROMOTIONAL AND SELLING. Advertising, promotional and selling expenses increased by $1.8 million to $51.1 million for the nine months ended September 25, 1999 as compared to $49.3 million for the nine months ended September 26, 1998. As a percentage of net sales, advertising, promotional and selling expenses increased to 38.7% for the nine months ended September 25, 1999 as compared to 34.9% for the same period last year, primarily due to higher advertising and point of sale expenditures, which were partially offset by lower expenditures in packaging redesign. The Company invested an increased amount in outdoor advertising expenditures and market research and shifted spending towards radio from television during the nine months ending September 25, 1999. 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 first half of 1998.

GENERAL AND ADMINISTRATIVE. General and administrative expenses decreased by $585,000 or 6.3% to $8.7 million for the nine months ended September 25, 1999 as compared to the same period last year. The decrease is primarily due to declines in bad debt expense and legal expenses.

INTEREST EXPENSE. Interest expense declined by $338,000 to $148,000 for the nine months ended September 25, 1999 as compared to $486,000 for the nine months ended September 26, 1998. The decline in interest expense is due to the repayment of the $10.0 million outstanding balance under the then existing lines of credit on March 31, 1999. At September 26, 1998, $10.0 million was outstanding under the then existing $30.0 million portion of the lines of credit. See footnote E to the Consolidated Financial Statements for further explanation.

OTHER INCOME (EXPENSE), NET. Other income (expense), net decreased by $1.7 million to expense of $23,000 for the nine months ended September 25, 1999 as compared to an expense of $1.7 million for same period last year. The significant expense recognized in the prior year was due to a $1.4 million loss realized on the disposition of a marketable equity security and $300,000 in losses incurred on the revaluation of foreign exchange forward contracts. There were no such activities during 1999.

PROVISION FOR INCOME TAXES. The Company's effective tax rate decreased to 41.9% for the nine months ended September 25, 1999 from 45.9% for the nine months ended September 26, 1998. The 1998 effective tax rate reflects a $1.4 million loss realized on the sale of a marketable equity security during the second quarter 1998; the Company does not expect to fully realize the tax benefit associated with this capital loss. There was no such activity during 1999. See footnote D to the Consolidated Financial Statements for further explanation.

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial condition continued to be strong during the first nine months of 1999. Cash and short-term investments decreased to $52.0 million as of September 25, 1999 from $53.9 million as of December 26, 1998. This decrease was primarily due to the pay down of $10.0 million in bank debt on March 31, 1999, and offset by cash provided by operating activities of $9.7 million. Cash provided by operating activities decreased to $9.7 million for the nine months ended September 25, 1999 as compared to $17.5 million for the nine months ended September 26, 1998. This decline is primarily due to a decrease in accounts payable of $5.2 million for the nine months ended September 25, 1999 as compared to an increase of $1.1 million for the same period last year coupled with an increase in accounts receivable. The increase in accounts receivable is due to the timing of sales; the accounts receivable turnover is consistent with the prior year.

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 September 25, 1999. On November 5, 1999 the Company repurchased 51,500 shares under this program.

With working capital of $67.7 million and $45.0 million in unused bank lines of credit as of September 25, 1999, the Company believes that its existing resources should be sufficient to meet the Company's short-term and long-term operating and capital requirements.

THE 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.

The Company currently believes that all of its internal systems are Y2K compliant as of November 8, 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 full internal year 2000 compliance is estimated not to exceed $50,000, exclusive of amounts to be expended on contingency plans. Approximately $12,000 of this amount has been spent through September 25, 1999. This $50,000 anticipated upgrade cost is in addition to other planned information technology ("IT") projects. While the intensive effort expected to achieve Y2K compliance has caused and may continue to cause delays in other IT projects, the Company does not expect that any of these delays will have a significant effect on the Company's business or that any of the Company's other IT projects will be canceled or postponed to pay for the Y2K upgrades. The Company 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 of whom 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 $1.8 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.

BREWERY-RELATED TRANSACTIONS

Effective April 30, 1999, Stroh sold a majority of its beer brands and its Allentown, Pennsylvania, brewery (the "Allentown Brewery") to Pabst and certain brands to Miller (collectively, the "Stroh Transactions"). 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. As anticipated, Stroh closed its Portland, Oregon brewery during the third quarter 1999. The Company's volume which was historically brewed at the Portland Brewery was transferred to a brewery in Tumwater,

Washington (the "Tumwater Brewery"). Miller purchased the Tumwater Brewery from Pabst during the third quarter and has confirmed that it will assume Pabst's obligations to brew the Company's products at the Tumwater Brewery. The Company experienced shipping delays during the transition which resulted in approximately 7,000 barrels that were not shipped until the fourth quarter and accordingly will be reflected in the Company's results of operations for the quarter ending December 25, 1999.

Among other factors, the Company attempts to minimize freight expenditures when determining optimal production levels at each brewery. The Company expects to incur higher freight costs and increased capital expenditures as a result of the move to the Tumwater Brewery, but does not believe that the effect on its results of operations, statement of financial position or statement of cash flows for fiscal years 1999 or 2000 will be material.

Effective March 31, 1999, the brewing contract between the Company and Pittsburgh Brewing Company expired and as such, the Company shifted production to other plants. The Company does not expect that the resulting shift in production will have a material impact on its results of operations, statement of financial position or cash flows during the short-term or the long-term.

HOPS PURCHASE COMMITMENTS

The Company enters into purchase commitments for hops based on forecasted future requirements, among other factors. As a result of recent declines in sales growth, existing hops inventory and purchase commitments may exceed projected future needs. The Company evaluates its hop inventory levels and existing purchase commitments on a quarterly basis in order to assess the reserve required for excess amounts. In efforts to manage hop inventory levels, the Company continues to cancel certain hops purchase commitments. The provision for excess hops inventory and purchase commitments is adjusted accordingly. During the nine months ended September 25, 1999, the Company recorded a $1.2 million charge associated with the provision for excess inventory on-hand and purchase commitment contracts as compared to $2.2 million for the same period last year.

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.

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).
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).

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

(a) Exhibits (continued)

EXHIBIT INDEX (CONTINUED)

EXHIBIT NO.	TITLE
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).

(a) Exhibits (continued)

EXHIBIT INDEX (CONTINUED)

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).

(a) Exhibits (continued)

EXHIBIT INDEX (CONTINUED)

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

10.32 Extension letters, dated July 31, 1998, August 28, 1998, September 28, 1998, October 13, 1998, October 20, 1998 and October 23, 1998 between The Stroh Brewery Company and Boston Brewing Company, Inc. (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 (incorporated by reference to the Company's Form 10-Q, filed on May 10, 1999).

+10.36 Agreement between Boston Beer Company Limited Partnership and Landstar Logistics and Transportation, dated January 9, 1999 (incorporated by reference to the Company's Form 10-Q, filed on May 10, 1999).

*11.1 The information required by exhibit 11 has been included in Note G 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 September 25, 1999.

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: November 8, 1999 By: /s/ James Koch

C. James Koch

President and Chief Executive Officer,
(principal executive officer)

Date: November 8, 1999 By: /s/ Richard P. Lindsay

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

<ARTICLE> 5

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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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<F1>THIS NUMBER INCLUDES 16,425,967 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>