

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

FORM 10-Q

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

For the quarterly period ended June 30, 2001

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  
(State or other jurisdiction of incorporation  
or organization)

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

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

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

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

Yes  No   
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Number of shares outstanding of each of the issuer's classes of common stock, as of August 8, 2001:

Class A Common Stock, \$.01 par value	12,308,546
Class B Common Stock, \$.01 par value	4,107,355
(Title of each class)	Number of shares)

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THE BOSTON BEER COMPANY, INC. AND SUBSIDIARIES  
FORM 10-Q

QUARTERLY REPORT  
JUNE 30, 2001

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

	June 30, 2001 -----	December 30, 2000 -----
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 9,389	\$ 6,256
Short-term investments	34,040	28,858
Accounts receivable, net of the allowance for doubtful accounts of \$625 as of June 30, 2001 and December 30, 2000, respectively	17,610	12,593
Inventories	14,139	15,739
Prepaid expenses	1,096	1,619
Deferred income taxes	2,415	2,415

Other current assets	788	927
Total current assets	79,477	68,407
Property, plant and equipment, net of accumulated depreciation of \$27,468 and \$24,906 as of June 30, 2001 and December 30, 2000, respectively	26,351	27,047
Goodwill, net of accumulated amortization \$66 and \$16 as of June 30, 2001 and December 30, 2000, respectively	1,427	1,477
Other assets	1,360	1,671
Total assets	\$ 108,615	\$ 98,602
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 8,646	\$ 6,506
Accrued expenses	16,539	13,940
Total current liabilities	25,185	20,446
Long-term deferred taxes	1,833	1,833
Other long-term liabilities	2,010	2,634
Stockholders' Equity:		
Class A Common Stock, \$.01 par value; 22,700,000 shares authorized; 16,415,901 and 16,458,738 issued and outstanding as of June 30, 2001 and December 30, 2000, respectively	165	165
Class B Common Stock, \$.01 par value; 4,200,000 shares authorized; 4,107,355 issued and outstanding	41	41
Additional paid-in-capital	57,223	56,859
Unearned compensation	(237)	(156)
Unrealized gain on short-term investments	106	-
Retained earnings	55,979	47,814
Less: Treasury stock (4,201,150 and 3,906,700 shares as of June 30, 2001 and December 30, 2000, respectively) at cost	(33,690)	(31,034)
Total stockholders' equity	79,587	73,689
Total liabilities and stockholders' equity	\$ 108,615	\$ 98,602

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

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

	Three months ended		Six months ended	
	June 30, 2001	June 24, 2000	June 30, 2001	June 24, 2000
Sales	\$ 53,877	\$ 57,246	\$ 100,095	\$ 106,522
Less excise taxes	5,244	5,807	9,786	10,826
Net sales	48,633	51,439	90,309	95,696
Cost of sales	19,429	22,216	36,866	41,831
Gross profit	29,204	29,223	53,443	53,865
Operating expenses:				
Advertising, promotional and selling expenses	18,369	20,595	33,576	36,735
General and administrative expenses	3,110	3,048	6,837	6,030
Total operating expenses	21,479	23,643	40,413	42,765
Operating income	7,725	5,580	13,030	11,100
Other income:				
Interest income, net	353	433	830	947
Other income	10	94	97	222
Total other income	363	527	927	1,169
Income before provision for income taxes	8,088	6,107	13,957	12,269
Provision for income taxes	3,372	2,565	5,792	5,153
Net income	\$ 4,716	\$ 3,542	\$ 8,165	\$ 7,116

Earnings per common share - basic	\$ 0.29	\$ 0.19	\$ 0.50	\$ 0.38
Earnings per common share - diluted	\$ 0.29	\$ 0.19	\$ 0.49	\$ 0.38
Weighted average number of common shares - basic	16,461	18,264	16,458	18,561
Weighted average number of common shares - diluted	16,534	18,327	16,563	18,614

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

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

	Six months ended	
	June 30, 2001	June 24, 2000
Cash flows from operating activities:		
Net income	\$ 8,165	\$ 7,116
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,270	3,013
Gain on disposal of fixed assets	(46)	(151)
Recovery of bad debt	-	(150)
Stock option compensation	44	40
Changes in assets and liabilities:		
Accounts receivable	(4,858)	(1,345)
Inventory	1,600	(1,986)
Prepaid expenses	523	1,264
Other current assets	90	(4)
Other assets	(37)	(29)
Accounts payable	2,140	(2,153)
Accrued expenses	2,599	3,375
Other long-term liabilities	(358)	(1,018)
Net cash provided by operating activities	13,132	7,972
Cash flows from investing activities:		
Purchases of property, plant and equipment	(2,445)	(3,693)
Maturities of short-term investments	11,540	22,667
Purchase of short-term investments	(16,616)	(19,041)
Proceeds on disposal of fixed assets	46	284
Net cash (used in) provided by investing activities	(7,475)	217
Cash flows from financing activities:		
Purchase of treasury stock	(2,656)	(8,263)
Net proceeds from sale of Investment Shares	132	31
Net cash used in financing activities	(2,524)	(8,232)
Net increase in cash and cash equivalents	3,133	(43)
Cash and cash equivalents at beginning of period	6,256	5,346
Cash and cash equivalents at end of period	\$ 9,389	\$ 5,303
Supplemental disclosure of cash flow information:		
Interest paid	\$ 11	\$ -
Income taxes paid	\$ 2,148	\$ 2,275

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

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THE BOSTON BEER COMPANY, INC. AND SUBSIDIARIES  
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 malt beverages and cider products throughout the United States and select international markets. The accompanying unaudited financial statements have been prepared by the Company, in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required 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 30, 2000.

Management's Opinion

In the opinion of the Company's management, the Company's unaudited financial statements reflect all adjustments (consisting 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

The Company's investments in debt securities, which typically mature in one year or less, are valued at amortized cost, which approximates fair value. The Company has the positive intent and ability to hold these securities until maturity. The aggregate fair value at June 30, 2001 and December 30, 2001 was \$8.0 million and \$9.4 million, respectively, for investments in US government obligations and corporate debt.

Available-for-sale investments consisted of investments in mutual funds backed by United States government securities having a cost of \$26.0 million and \$19.5 million, as of June 30, 2001 and December 30, 2000, respectively.

Available-for-sale securities are recorded at fair value in investments on the balance sheet, with the change in fair value during the period excluded from earnings and recorded net of tax as a component of other comprehensive income.

The Company recorded unrealized gains of approximately \$106,000 and \$195,000 on available-for-sale securities as of June 30, 2001 and June 24, 2000. There were no realized gains or losses recorded during the period ended June 30, 2001 and June 24, 2000.

C. INVENTORIES

Inventories, which consist principally of hops, brewery materials and packaging, are stated at the lower of cost, determined on a first-in, first-out (FIFO) basis, or market.

Inventories consist of the following (in thousands):

	June 30, 2001	December 30, 2000
Raw materials, principally hops	\$ 12,686	\$ 14,076
Work in process	841	787
Finished goods	612	876
	\$ 14,139	\$ 15,739

D. 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 (SFAS) No. 128 (in thousands, except per share data):

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

## D. EARNINGS PER SHARE (continued)

	For the three months ended		For the six months ended	
	June 30, 2001	June 24, 2000	June 30, 2001	June 24, 2000
Net income	\$ 4,716	\$ 3,542	\$ 8,165	\$ 7,116
Shares used in earnings per common share - basic	16,461	18,264	16,458	18,561
Dilutive effect of common equivalent shares	73	63	105	53
Shares used in earnings per common share - diluted	16,534	18,327	16,563	18,614
Earnings per common share - basic	\$ 0.29	\$ 0.19	\$ 0.50	\$ 0.38
Earnings per common share - diluted	\$ 0.29	\$ 0.19	\$ 0.49	\$ 0.38

## E. COMPREHENSIVE INCOME

Comprehensive income calculated in accordance with SFAS No. 130 is as follows (in thousands):

	For the three months ended		For the six months ended	
	June 30, 2001	June 24, 2000	June 30, 2001	June 24, 2000
Net income	\$ 4,716	\$ 3,542	\$ 8,165	\$ 7,116
Plus: unrealized gain on available-for-sale Securities	76	195	106	195
Comprehensive income	\$ 4,792	\$ 3,737	\$ 8,271	\$ 7,311

Accumulated other comprehensive income calculated in accordance with SFAS No. 130 is as follows (in thousands):

	For the three months ended		For the six months ended	
	June 30, 2001	June 24, 2000	June 30, 2001	June 24, 2000
Beginning Balance	\$ 30	\$ -	\$ -	\$ -
Unrealized gain on available-for-sale securities	76	95	106	195
Ending balance	\$ 106	\$ 95	\$ 106	\$ 195

## F. SUBSEQUENT EVENT

On July 23, 2001, the Pabst Brewing Company announced its intention to close its Lehigh, Pennsylvania brewery ("Lehigh Brewery") on or about September 21, 2001.

Approximately 20% of the Company's production is brewed at the Lehigh Brewery. Pursuant to a guarantee by Miller Brewing Company of Pabst's obligations under the Company's production agreement, the Company anticipates that some of the volume will be transferred to a Miller-owned brewery. Additionally, the Company expects that volume will also be transferred to existing contract breweries. The Company has been test brewing at a Miller-owned brewery for over six months in preparation for such a transaction. While the Company does not currently anticipate any significant disruptions to its business or any other problems during the transition, the ultimate impact of this transition on the Company's business and financial statements, both during and after the transition period, cannot be predicted.

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

The following is a discussion of the financial condition and results of operations of the Company for the three and six-month periods ended June 30, 2001 as compared to the three and six-month periods ended June 24, 2000. 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 30, 2000.

### RESULTS OF OPERATIONS

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

Three Months Ended June 30, 2001 compared to Three Months Ended June 24, 2000

Net sales. Net sales decreased by \$2.8 million or 5.5% to \$48.6 million for the three months ended June 30, 2001 as compared to the three months ended June 24, 2000. The decrease is primarily due to a decrease in volume of Boston Beer's core brands, which was partially offset by increases in selling prices.

Volume. Volume decreased by 32,000 barrels or 9.5% to 304,000 barrels in the three months ended June 30, 2001 from 336,000 barrels in the three months ended June 24, 2000. Core brands decreased by 10.0% to 290,000 barrels for the quarter ended June 30, 2001 from 322,000 barrels for the quarter ended June 24, 2000. The decrease in core brands is primarily due to decreases in Boston Lager and year round products, which were partially offset by increases in seasonal products.

Non-core volume was flat at 14,000 barrels for the three months ended June 30, 2001. Going forward, it is anticipated that the non-core volume will be significantly reduced as the Company's largest customer for non-core products has decided not to renew its contract with the Company.

Selling Price. The selling price per barrel increased by approximately 4.3% to \$159.71 per barrel for the three months ended June 30, 2001. This increase is due to price increases that were partially offset by changes in packaging mix. The ratio of kegs to bottles increased, with kegs representing 32% of total shipments in the three months ended June 30, 2001 as compared to 29% for the same period last year.

Significant changes in the packaging mix would have a material effect on sales. The Company packages its core brands in kegs and bottles. Assuming the same level of production, a shift in the mix to kegs from bottles would effectively decrease revenue per barrel, as the selling price per equivalent barrel is lower for kegs than for bottles.

Gross Profit. Gross profit was 60.1% as a percentage of net sales or \$95.91 per barrel for the quarter ended June 30, 2001, as compared to 56.8% and \$87.02 for the quarter ended June 24, 2000. The increase was primarily due to price increases, packaging mix changes and decreases in cost of goods sold.

Cost of sales decreased by \$2.34 per barrel to 40.0% as a percentage of net sales or \$63.81 per barrel for the quarter ended June 30, 2001, as compared to 43.2% as a percentage of net sales or \$66.15 per barrel for the quarter ended June 24, 2000. This is primarily due to packaging mix changes, a one-time recovery and lower hop related costs such as contract cancellations and reserves for excess inventory on hand. The one-time recovery of \$400,000 was due to a re-assessment and subsequent abatement of fiscal year 2000 water and sewer charges at the Cincinnati Brewery. See Hop Purchase Commitments for further discussion on potential future losses relating to hops.

Significant changes in the packaging mix would also have a material effect on gross profit. Assuming the same level of production, a shift in the mix to kegs from bottles would effectively decrease gross profit sold per barrel, as the gross profit per equivalent barrel is lower for kegs than for bottles.

Advertising, promotional and selling. As a percentage of net sales, advertising, promotional and selling expenses were 37.8% or \$60.33 per barrel for the three months ended June 30, 2001 as compared to 40.0% as a percentage of net sales or \$61.33 per

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barrel for the quarter ended June 24, 2000. Advertising, promotional and selling expenses decreased by \$2.2 million or 10.8% to \$18.4 million for the three months ended June 30, 2001. The decrease is primarily due to a delay in media spending. The Company intends to delay this media spending until the second half of 2001.

General and Administrative. General and administrative expenses increased by 2.0% or \$62,000 to \$3.1 million for the three months ended June 30, 2001 as compared to the same period last year.

Interest income, net. Interest income, net decreased by 18.5% or \$80,000 to \$353,000 for the three months ended June 30, 2001 from \$433,000 for the three months ended June 24, 2000. This decrease was primarily due to lower monthly average cash and short-term investments balances and lower short-term interest rates during the three months ended June 30, 2001 as compared to the same period last year.

Other income. Other income decreased by 89.4% or \$84,000 to \$10,000 from \$94,000. For the three months ended June 24, 2000, the Company received proceeds of \$102,000 from the sale of kegs. No kegs were sold for the three months ended June 30, 2001.

Six Months Ended June 30, 2001 compared to Six Months Ended June 24, 2000

Net sales. Net sales decreased by \$5.4 million or 5.6% to \$90.3 million for the six months ended June 30, 2001 as compared to the six months ended June 24, 2000. The decrease is primarily due to a decrease in volume of Boston Beer's core brands, which was partially offset by increases in selling prices.

Volume. Volume decreased by 52,000 barrels or 8.3% to 574,000 barrels in the six months ended June 30, 2001 from 626,000 barrels in the six months ended June 24, 2000. Core brands decreased by 8.5% to 550,000 barrels for the six months ended June 30, 2001 from 601,000 barrels for the six months ended June 24, 2000. The decrease in core brands is primarily due to decreases in Boston Lager and year round products, which was partially offset by increases in seasonal products.

Non-core volume was flat at 24,000 barrels for the six months ended June 30, 2001. Going forward, it is anticipated that the non-core volume will be significantly reduced as the Company's largest customer for non-core products



has decided not to renew their contract with the Company.

**Selling Price.** The selling price per barrel increased by approximately 2.8% to \$157.20 per barrel for the six months ended June 30, 2001. This increase is due to price increases that were partially offset by changes in packaging mix. The ratio of kegs to bottles increased, with kegs representing 32% of total shipments in the six months ended June 30, 2001 as compared to 29% for the same period last year.

Significant changes in the packaging mix would have a material effect on sales. The Company packages its core brands in kegs and bottles. Assuming the same level of production, a shift in the mix to kegs from bottles would effectively decrease revenue per barrel, as the selling price per equivalent barrel is lower for kegs than for bottles.

**Gross Profit.** Gross profit was 59.2% as a percentage of net sales or \$93.03 per barrel for the six months ended June 30, 2001, as compared to 56.3% and \$86.06 for the six months ended June 24, 2000. The increase was primarily due to price increases, packaging mix changes and decreases in cost of goods sold.

Cost of sales decreased by \$2.67 per barrel to 40.8% as a percentage of net sales or \$64.17 per barrel for the six months ended June 30, 2001, as compared to 43.7% as a percentage of net sales or \$66.84 per barrel for the six months ended June 24, 2000. This is primarily due to packaging mix changes, a one-time recovery and lower hop related costs such as contract cancellations and reserves for excess inventory on hand. The one-time recovery of \$400,000 was due to a re-assessment and subsequent abatement of 2000 water and sewer charges at the Cincinnati Brewery. See Hop Purchase Commitments for further discussion on potential future losses relating to hops.

Significant changes in the packaging mix would also have a material effect on gross profit. Assuming the same level of production, a shift in the mix to kegs from bottles would effectively decrease gross profit sold per barrel, as the gross profit per equivalent barrel is lower for kegs than for bottles.

**Advertising, promotional and selling.** As a percentage of net sales, advertising, promotional and selling expenses were 37.2% or \$58.45 per barrel for the six months ended June 30, 2001 as compared to 38.4% as a percentage of net sales or \$58.69 per

barrel for the six months ended June 24, 2000. Advertising, promotional and selling expenses decreased by \$3.2 million or 8.6% to \$33.6 million for the six months ended June 30, 2001. The decrease is primarily due to a delay in media spending.

**General and Administrative.** General and administrative expenses increased by 13.4% or \$807,000 to \$6.8 million for the six months ended June 30, 2001 as compared to the same period last year. The increase was primarily due to increases in legal expenses, employee related expenses, increase in depreciation and amortization expense and changes in bad debt expense. Litigation and corporate restructure fees have increased legal related costs. Increases in employee related expenses are attributed to normal salary increases as well as higher recruiting costs. Depreciation expense has increased due to purchases of computer equipment along with increases in the goodwill amortization. For the six months ended June 24, 2000, the Company had recognized \$150,000 as a recovery of bad debt. There were no such recoveries during the six months ended June 30, 2001.

**Interest income, net.** Interest income, net decreased by 12.4% or \$117,000 to \$830,000 for the six months ended June 30, 2001 from \$947,000 for the six months ended June 24, 2000. This decrease was primarily due to lower monthly average cash and short-term investments balances and lower short-term interest rates during the six months ended June 30, 2001 as compared to the same period last year.

Other income. Other income decreased by 56.3% or \$125,000 to \$97,000 for the six months ended June 30, 2001 from \$222,000 for the six months ended June 24, 2000. For the six months ended June 30, 2001, the Company received proceeds of \$46,000 from the sale of kegs as compared to \$232,000 for the same period last year.

#### LIQUIDITY AND CAPITAL RESOURCES

The Company's financial condition continued to be strong during the first half of 2001. Cash and short-term investments increased to \$43.4 million as of June 30, 2001 from \$35.1 million as of December 30, 2000. This increase was primarily due to cash provided from operating activities. For the six months ended June 30, 2001, cash provided by operating activities of \$13.1 million was partially offset cash used in investing and financing activities of \$10.0 million.

During the first half of 2001, the Company repurchased 294,450 shares of its outstanding Class A Common Stock at an aggregate cost of \$2.7 million under its stock repurchase program. Under this program, the Company has repurchased a total of 4.2 million shares at an aggregate cost of \$33.7 million as of June 30, 2001. Effective April 2001, the Board of Directors increased the aggregate expenditure limitation on the Company's stock repurchase program by \$5.0 million to \$40.0 million.

With working capital of \$54.3 million and \$45.0 million in unused bank lines of credit as of June 30, 2001, 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

##### Hops Purchase Commitments

The Company utilizes several varieties of hops in the production of its products. To ensure adequate supplies of these varieties, the Company entered into advanced multi-year purchase commitments based on forecasted future hop requirements among other factors. The Company now believes that its actual future requirements will be significantly lower than the original forecast on which its existing purchase commitments were based. Factors affecting the current forecast of requirements include: the slow down of sales growth during the 1990's, the discontinuation of certain beer styles, and the improved utilization of hops in production due to process improvements and higher brewing utility values of recent hop crops.

Since the late 1990's there has also been a decline in the market prices of hops. This decline is estimated to be 20% to 80% of the Company's historical costs, depending on hop variety. The decline in market price is due to an oversupply of certain varieties and changes in foreign exchange rates and appears to be non-temporary in nature. The decline in market price significantly challenges the Company's ability to reduce its excess inventories through disposal of hop inventories and purchase commitments at reasonable penalties.

Generally accepted accounting principles require the Company to reserve for losses related to excess inventory and purchase commitments by estimating the range of potential losses and, because no amount within this range represents a better estimate of the loss than any other, recording a reserve at the lower value of the range. As of June 30, 2001, the Company estimates this range of loss to be \$1.7 million to \$2.3 million. During the six months ended June 30, 2001 and June 24, 2000, the Company

recorded charges of \$0 and \$664,000, respectively, for inventory reserves and cancellation fees associated with excess hops inventories and purchase commitments.

Generally accepted accounting principles preclude the Company from recording a lower of cost or market reserve for the decline in hops market prices because the Company can still recover its cost through the sale of finished products. As of June 30, 2001, the Company estimates the difference between the market value

and book value of the hop inventory and the hop purchase commitments is approximately \$11.5 million.

Management is actively investigating opportunities to reduce inventory levels and purchase commitments in an effort to maximize the utilization of hops on hand and under commitment. To the extent management decides to cancel hops purchase commitments in the future, or sell existing excess hops inventory, it is anticipated that significant one-time losses would be recorded at that time.

#### Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard No. 141, "Business Combinations" (SFAS No. 141) and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No.141 requires business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting, and broadens the criteria for recording intangible assets separate from goodwill. SFAS No. 142 requires the use of a nonamortization approach to account for purchased goodwill and certain intangibles. The Company is required to adopt these provisions on January 1, 2002. The Company is currently evaluating the provisions of SFAS No. 141 and SFAS No. 142 and has not yet determined the impact of adopting the provisions.

#### QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Since December 30, 2000, there have been no significant changes in the Company's exposures to interest rate or foreign currency rate fluctuations. The Company currently does not enter into derivatives or other market risk sensitive instruments for the purpose of hedging or for trading purposes.

#### FORWARD-LOOKING STATEMENTS

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

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#### PART II. OTHER INFORMATION

##### Item 1. LEGAL PROCEEDINGS

Two complaints were filed against the Company in 2000 relating to its use of the word "BoDean's" in connection with its BoDean's Twisted Tea product. Both complainants sought damages in an unspecified amount. One of the lawsuits has been settled. The Company is in negotiations with the plaintiff in the other lawsuit and currently anticipates the settlement of that lawsuit. The Company does not believe either suit, or the two suits in combination, will have a materially adverse impact on the results of operation, cash flow or financial position of the Company.

The Company is party to certain claims and litigation in the

ordinary course of business. The Company does not believe any of these proceedings will, individually or in the aggregate, have a material adverse effect upon its financial condition or results of operations

Item 2. CHANGES IN SECURITIES

Not Applicable

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held its Annual Meeting of Stockholders on May 22, 2001. The following items were voted upon at that time.

"RESOLVED: That Pearson C. Cummin, III, Robert N. Hiatt and James C. Kautz be, and they hereby are, elected Class A Directors of the Corporation, to serve for a term of one year, ending on the date of the 2002 Annual Meeting of Stockholders in accordance with the By-Laws and until their respective successors are duly chosen and qualified."

The results of the vote were, as follows:

Election of Class A Directors:

	For	Withheld
Pearson C. Cummin, III	10,925,195	41,378
Robert N. Hiatt	10,923,328	45,633
James C. Kautz	10,920,940	43,245

Mr. C. James Koch, as the sole holder of the Corporation's Class B Common Stock, voted on the election of four (4) Class B Directors.

"RESOLVED: That C. James Koch, Charles Joseph Koch, Martin F. Roper and John B. Wing be, and they hereby are, elected Class B Directors of the Corporation to serve for a term of one year ending on the date of the 2002 Annual Meeting of Stockholders in accordance with the By-Laws and until their respective successors are duly chosen and qualified."

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Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS (continued)

The results of the vote were, as follows:

Election of Class B Directors:

	For	Withheld
C. James Koch	4,107,355	0
Charles Joseph Koch	4,107,355	0
Martin F. Roper	4,107,355	0
John B. Wing	4,107,355	0

Item 5. OTHER INFORMATION

Not Applicable

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

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).
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).

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Item 6. EXHIBITS AND REPORTS ON FORM 8-K (continued)

Exhibit No. -----	Title -----
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).
- 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).

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- +10.21 Production Agreement between The Stroh Brewery Company and Boston Beer Company Limited Partnership, dated January 14, 1997 (incorporated by reference to the Company's Form 10-K, filed on March 27, 1998).
- +10.22 Letter Agreement between The Stroh Brewery Company and Boston Beer Company Limited Partnership, dated January 14, 1997 (incorporated by reference to the Company's Form 10-K, filed on March 27, 1998).
- +10.23 Agreement between Boston Beer Company Limited Partnership and The Schoenling Brewing Company, dated May 22, 1996 (incorporated by reference to the Company's Form 10-K, filed on March 27, 1998).
- 10.24 Revolving Credit Agreement between Fleet Bank of Massachusetts, N.A. and The Boston Beer Company, Inc., dated as of March 21, 1997 (incorporated by reference to the Company's Form 10-Q, filed on May 12, 1997).
- +10.25 Amended and Restated Agreement between Boston Brewing Company, Inc. and the Genesee Brewing Company, Inc. dated April 30, 1997 (incorporated by reference to the Company's Form 10-Q, filed on August 11, 1997).
- +10.26 Fifth Amendment, dated December 31, 1997, to Amended and Restated Agreement between Pittsburgh Brewing Company and Boston Brewing Company, Inc. (incorporated by reference to the Company's Form 10-K, filed on March 27, 1998).
- 10.27 Extension letters, dated August 19, 1997, November 19, 1997, December 19, 1997, January 22, 1998, February 25, 1998 and March 11, 1998 between The Stroh Brewery Company and Boston Brewing Company, Inc. (incorporated by reference to the Company's Form 10-K, filed on March 27, 1998).
- +10.28 Employee Equity Incentive Plan, as amended and effective on December 19, 1997 (incorporated by reference to the Company's Form 10-K, filed on March 27, 1998) .
- +10.29 1996 Stock Option Plan for Non-Employee Directors, as amended and effective on December 19, 1997 (incorporated by reference to the Company's Form 10-K, filed March 27, 1998)..
- +10.30 Glass Supply Agreement between The Boston Beer Company and Owens' Brockway Glass Container Inc., dated April 30, 1998 (incorporated by reference to the Company's Form 10-Q, filed on August 10, 1998).
- 10.31 Extension letters, dated April 13, 1998, April 27, 1998, June 11, 1998, June 25, 1998 and July 20, 1998 between The Stroh Brewery Company and Boston Brewing Company, Inc. (incorporated by reference to the Company's Form 10-Q, filed on August 10, 1998).
- 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).

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Item 6. EXHIBITS AND REPORTS ON FORM 8-K (continued)

Exhibit No. -----	Title -----
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).
+10.37	Consent to Assignment of the Amended and Restated Agreement between Boston Brewing Company, Inc. and the Genesee Brewing Company, Inc. dated April 30, 1997 to Monroe Brewing Co., LLC (now known as High Falls Brewing Company, LLC) dated December 15, 2000 (incorporated by reference to the Company's 10-K, filed on March 31, 2001).
+10.38	Guaranty of The Genesee Brewing Company, Inc. dated December 15, 2000 in favor of Boston Brewing Company, Inc., for itself and as the sole general partner of Boston Beer Company Limited Partnership in connection with the Consent of Assignment of the Amended and Restated Agreement between Boston Brewing Company, Inc. and the Genesee Brewing Company, Inc. dated April 30, 1997 to Monroe Brewing Co., LLC (now known as High Falls Brewing Company, LLC) dated December 15, 2000 (incorporated by reference to the Company's 10-K, filed on March 31, 2001).
*11.1	The information required by exhibit 11 has been included in Note D 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).
21.2	List of subsidiaries of The Boston Beer Company, Inc. effective as of December 30, 2000 (incorporated by reference to the Company's Form 10-K, filed on March 30, 2001)

\* 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 June 30, 2001.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

THE BOSTON BEER COMPANY, INC.  
(Registrant)

Date: August 8, 2001

By: /s/ Martin F. Roper

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Martin F. Roper  
President and Chief Executive  
Officer  
(principal executive officer)

Date: August 8, 2001

By: /s/ Richard P. Lindsay

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

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