BOSTON BEER CO INC
Form 10-Q
October 30, 2014
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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 27, 2014

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.)**

One Design Center Place, Suite 850, Boston, Massachusetts

(Address of principal executive offices)

02210

(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 ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.) Yes ¨ No x

Number of shares outstanding of each of the issuer s classes of common stock, as of October 24, 2014:

Class A Common Stock, $.01 par value	**9,336,342**
Class B Common Stock, $.01 par value	**3,727,355**
(Title of each class)	(Number of shares)

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THE BOSTON BEER COMPANY, INC.

FORM 10-Q

September 27, 2014

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PART I. FINANCIAL INFORMATION

Item 1. CONSOLIDATED FINANCIAL STATEMENTS

THE BOSTON BEER COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

(unaudited)

	September 27, 2014	December 28, 2013
Assets		
Current Assets:		
Cash and cash equivalents	$ 57,178	$ 49,524
Accounts receivable, net of allowance for doubtful accounts of $320 and $160 as of September 27, 2014 and December 28, 2013, respectively	49,671	42,001
Inventories	59,610	56,397
Prepaid expenses and other assets	15,682	10,644
Deferred income taxes	5,529	5,712
Total current assets	187,670	164,278
Property, plant and equipment, net	371,795	266,558
Other assets	9,149	9,556
Goodwill	3,683	3,683
Total assets	$ 572,297	$ 444,075
Liabilities and Stockholders Equity		
Current Liabilities:		
Accounts payable	$ 39,843	$ 34,424
Current portion of debt	55	53
Accrued expenses and other current liabilities	82,492	69,900
Total current liabilities	122,390	104,377
Deferred income taxes	32,368	32,394
Debt, less current portion	528	584
Other liabilities	4,627	4,635
Total liabilities	159,913	141,990
Commitments and Contingencies		
Stockholders Equity:		

Class A Common Stock, $.01 par value; 22,700,000 shares authorized; 9,252,712 and 8,785,343 issued and outstanding as of September 27, 2014 and December 28, 2013, respectively	93	88
Class B Common Stock, $.01 par value; 4,200,000 shares authorized; 3,727,355 and 3,962,355 issued and outstanding as of September 27, 2014 and December 28, 2013, respectively	37	40
Additional paid-in capital	211,653	173,025
Accumulated other comprehensive loss, net of tax	(417)	(417)
Retained earnings	201,018	129,349
Total stockholders equity	412,384	302,085
Total liabilities and stockholders equity	$ 572,297	$ 444,075

The accompanying notes are an integral part of these consolidated financial statements.

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THE BOSTON BEER COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(in thousands, except per share data)

(unaudited)

	Thirteen weeks ended		Thirty-nine weeks ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Revenue	$ 288,777	$ 231,788	$ 733,511	$ 573,139
Less excise taxes	19,043	15,374	48,321	39,461
Net revenue	269,734	216,414	685,190	533,678
Cost of goods sold	126,738	101,035	328,579	253,384
Gross profit	142,996	115,379	356,611	280,294
Operating expenses:				
Advertising, promotional and selling expenses	65,024	56,096	192,202	149,723
General and administrative expenses	15,748	15,744	48,300	45,298
Impairment of long-lived assets	1,577	1,300	1,577	1,300
Total operating expenses	82,349	73,140	242,079	196,321
Operating income	60,647	42,239	114,532	83,973
Other income (expense), net:				
Interest income	31	30	23	22
Other expense, net	(371)	(57)	(307)	(399)
Total other expense, net	(340)	(27)	(284)	(377)
Income before income tax provision	60,307	42,212	114,248	83,596
Provision for income taxes	22,381	16,526	42,579	31,283
Net income	$ 37,926	$ 25,686	$ 71,669	$ 52,313
Net income per common share - basic	$ 2.91	$ 2.00	$ 5.50	$ 4.07
Net income per common share - diluted	$ 2.79	$ 1.89	$ 5.29	$ 3.85
Weighted-average number of common shares - Class A basic	9,248	8,730	9,148	8,734
Weighted-average number of common shares - Class B basic	3,727	4,007	3,801	4,039

Weighted-average number of common shares - diluted	13,495	13,498	13,472	13,488
Other comprehensive income, net of tax:				
Comprehensive income	$ 37,926	$ 25,686	$ 71,669	$ 52,313

The accompanying notes are an integral part of these consolidated financial statements.

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THE BOSTON BEER COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASHFLOWS

(in thousands)

(unaudited)

	Thirty-nine weeks ended	
	September 27, 2014	**September 28, 2013**
Cash flows provided by operating activities:		
Net income	$ 71,669	$ 52,313
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	24,990	18,485
Impairment of long-lived assets	1,577	1,300
Loss on disposal of property, plant and equipment	91	329
Bad debt expense (recovery)	160	(41)
Stock-based compensation expense	5,324	5,763
Excess tax benefit from stock-based compensation arrangements	(9,158)	(4,990)
Deferred income taxes	157	(113)
Changes in operating assets and liabilities:		
Accounts receivable	(7,830)	(21,054)
Inventories	(3,213)	(15,152)
Prepaid expenses and other assets	(4,862)	(5,715)
Accounts payable	2,029	7,070
Accrued expenses and other current liabilities	21,650	28,815
Other liabilities	(20)	(131)
Net cash provided by operating activities	102,564	66,879
Cash flows used in investing activities:		
Purchases of property, plant and equipment	(128,292)	(73,101)
Cash paid for acquisition of brewery assets and other intangible assets	(100)	(2,753)
Decrease in restricted cash	55	62
Net cash used in investing activities	(128,337)	(75,792)
Cash flows provided by (used in) financing activities:		
Repurchase of Class A Common Stock		(29,586)
Proceeds from exercise of stock options	23,441	2,269
Cash paid on note payable and capital lease	(53)	(244)
Excess tax benefit from stock-based compensation arrangements	9,158	4,990
Net proceeds from sale of investment shares	881	747

Net cash provided by (used in) financing activities	33,427	(21,824)
Change in cash and cash equivalents	7,654	(30,737)
Cash and cash equivalents at beginning of year	49,524	74,463
Cash and cash equivalents at end of period	$ 57,178	$ 43,726
Supplemental disclosure of cash flow information:		
Income taxes paid	$ 23,191	$ 17,180
Acquisition of property and equipment under capital lease	$	$ 252
Increase in accounts payable for purchase of property, plant and equipment	$ 3,390	$
Allocation of purchase consideration to brewery acquisition to the following assets:		
Property, plant and equipment	$	$ 110
Tradename	$	$ 1,648
Goodwill	$	$ 1,145

The accompanying notes are an integral part of these consolidated financial statements.

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THE BOSTON BEER COMPANY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. Organization and Basis of Presentation

The Boston Beer Company, Inc. and certain subsidiaries (the Company) are engaged in the business of brewing and selling alcohol beverages throughout the United States and in selected international markets, under the trade names, The Boston Beer Company, Twisted Tea Brewing Company, and Angry Orchard Cider Company. The Company s Samuel Adams® beers are produced and sold under the trade name The Boston Beer Company. A&S Brewing Collaborative LLC, d/b/a Alchemy & Science (A&S), a wholly-owned subsidiary of the Company, sells beer under various trade names that is produced under its own license and other licenses. To date, sales from A&S brands are less than 2% of net revenues. The accompanying consolidated balance sheet as of September 27, 2014 and the consolidated statements of income and comprehensive income and consolidated statements of cash flows for the interim periods ended September 27, 2014 and September 28, 2013 have been prepared by the Company, without audit, in accordance with U.S. 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 28, 2013.

Management s Opinion

In the opinion of the Company s management, the Company s unaudited consolidated balance sheet as of September 27, 2014 and the results of its consolidated operations and consolidated cash flows for the interim periods ended September 27, 2014 and September 28, 2013, 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. Inventories

Inventories consist of raw materials, work in process and finished goods. Raw materials, which principally consist of hops, apple juice, other brewing materials and packaging, are stated at the lower of cost, determined on the first-in, first-out basis, or market. The Company s goal is to maintain on-hand a supply of at least one year for essential hop varieties, in order to limit the risk of an unexpected reduction in supply. Inventories are generally classified as current assets. The Company classifies hops inventory in excess of two years of forecasted usage in other long term assets. The cost elements of work in process and finished goods inventory consist of raw materials, direct labor and manufacturing overhead. Inventories consist of the following:

	September 27, 2014	December 28, 2013
	(in thousands)	
Raw Materials	$ 38,793	$ 35,116
Work in process	9,416	8,449

Finished Goods	14,409	17,091
	62,618	60,656
Less portion in other long term assets	(3,008)	(4,259)
	$ 59,610	$ 56,397

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C. Net Income per Share

The Company calculates net income per share using the two-class method which requires the Company to allocate net income to its Class A Common Shares, Class B Common Shares and unvested share-based payment awards that participate in dividends with common stock, in the calculation of net income per share.

The Company s Class B Common Stock is not listed for trading. Each share of the Class B Common Stock is freely convertible into one share of Class A Common Stock, upon request of any Class B holder, and participates equally in dividends.

The Company s unvested share-based payment awards include unvested shares (1) issued under the Company s investment share purchase program which permits employees who have been with the Company for at least one year to purchase shares of Class A Common Stock and to purchase those shares at a discount from market value after two years of employment, and (2) awarded as restricted stock awards at the discretion of the Company s Board of Directors. The investment shares and restricted stock awards generally vest over five years in equal number of shares. The unvested shares participate equally in dividends. See Note J for a discussion of the current year unvested stock awards and issuances.

Included in the computation of net income per diluted common share are dilutive outstanding stock options that are vested or expected to vest. At its discretion, the Board of Directors grants stock options to senior management and certain key employees. The terms of the employee stock options are determined by the Board of Directors at the time of grant. To date, stock options granted to employees vest over various service periods and/or based on the attainment of certain performance criteria and generally expire after ten years. The Company also grants stock options to its non-employee directors upon election or re-election to the Board of Directors. The number of option shares granted to non-employee directors is calculated based on a defined formula and these stock options vest immediately upon grant and expire after ten years.

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Net Income per Common Share - Basic

The following table sets forth the computation of basic net income per share using the two-class method:

	Thirteen weeks ended		Thirty-nine weeks ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
	(in thousands, except per share data)			
Net Income	$ 37,926	$ 25,686	$ 71,669	$ 52,313
Allocation of net income for basic:				
Class A Common Stock	$ 26,878	$ 17,478	$ 50,348	$ 35,511
Class B Common Stock	10,833	8,024	20,919	16,420
Unvested participating shares	215	184	402	382
	$ 37,926	$ 25,686	$ 71,669	$ 52,313
Weighted average number of shares for basic:				
Class A Common Stock	9,248	8,730	9,148	8,734
Class B Common Stock*	3,727	4,007	3,801	4,039
Unvested participating shares	74	92	73	94
	13,049	12,829	13,022	12,867
Net income per share for basic:				
Class A Common Stock	$ 2.91	$ 2.00	$ 5.50	$ 4.07
Class B Common Stock	$ 2.91	$ 2.00	$ 5.50	$ 4.07

* Change in Class B Common Stock resulted from the conversion of 135,000 shares to Class A Common Stock on February 18, 2014 and 100,000 shares to Class A Common Stock on May 7, 2014, with the 39-week number of shares reflecting the weighted average for the period.

Net Income per Common Share - Diluted

The Company calculates diluted net income per share for common stock using the more dilutive of (1) the treasury stock method, or (2) the two-class method, which assumes the participating securities are not exercised.

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The following table sets forth the computation of diluted net income per share, assuming the conversion of all Class B Common Stock into Class A Common Stock and using the two-class method for unvested participating shares:

	Thirteen weeks ended September 27, 2014			Thirteen weeks ended September 28, 2013		
	Earnings to Common Shareholders	Common Shares	EPS	Earnings to Common Shareholders	Common Shares	EPS
	(in thousands, except per share data)					
As reported - basic	$ 26,878	9,248	$ 2.91	$ 17,478	8,730	$ 2.00
Add: effect of dilutive potential common shares						
Share-based awards		520			761	
Class B Common Stock	10,833	3,727		8,024	4,007	
Net effect of unvested participating shares	7			10		
Net income per common share - diluted	$ 37,718	13,495	$ 2.79	$ 25,512	13,498	$ 1.89

	Thirty-nine weeks ended September 27, 2014			Thirty-nine weeks ended September 28, 2013		
	Earnings to Common Shareholders	Common Shares	EPS	Earnings to Common Shareholders	Common Shares	EPS
	(in thousands, except per share data)					
As reported - basic	$ 50,348	9,148	$ 5.50	$ 35,511	8,734	$ 4.07
Add: effect of dilutive potential common shares						
Share-based awards		523			715	
Class B Common Stock	20,919	3,801		16,420	4,039	
Net effect of unvested participating shares	16			20		
Net income per common share - diluted	$ 71,283	13,472	$ 5.29	$ 51,951	13,488	$ 3.85

There were no anti-dilutive shares of Class A Common Stock outstanding during the thirteen and thirty-nine weeks ended September 27, 2014. There were no anti-dilutive shares of Class A Common Stock outstanding during the thirteen weeks ended September 28, 2013. During the thirty-nine weeks ended September 28, 2013 weighted-average stock options to purchase approximately 15,000 shares of Class A Common Stock were outstanding but not included in computing diluted income per common share because their effects were anti-dilutive. Additionally, performance-based stock options to purchase 42,000 and 86,000 shares of Class A Common Stock were outstanding as of September 27, 2014 and September 28, 2013, respectively, but not included in computing diluted income per

common share because the performance criteria of these stock options was not met as of the end of the reporting period.

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Of the performance-based stock options to purchase 42,000 shares of Class A Common Stock that were excluded from computing diluted net income per common share as of September 28, 2014, 30,000 shares were granted in 2009 to two key employees and 5,000 shares were granted in 2013 to one key employee. The vesting of these shares requires annual depletions, or sales by distributors to retailers, of certain of the Company s brands to attain various thresholds during the period from 2014 to 2018.

On January 1, 2008, the Company granted the Chief Executive Officer a stock option to purchase 753,864 shares of its Class A Common Stock, which vests over a five-year period, commencing on January 1, 2014, at the rate of 20% per year. The exercise price is determined by multiplying $42.00 by the aggregate change in the DJ Wilshire 5000 Index from and after January 1, 2008 through the close of business on the trading date next preceding each date on which the option is exercised. The exercise price will not be less than $37.65 per share and the excess of the fair value of the Company s Class A Common Stock cannot exceed $70 per share over the exercise price. At September 27, 2014 and September 28, 2013, 603,092 shares and 753,864 shares of the stock option remained outstanding, respectively. If the outstanding shares at September 27, 2014 were exercised on that date, the exercise price would have been $150.19 per share. If the outstanding shares at September 28, 2013 were exercised on that date, the exercise price would have been $174.63 per share.

D. Comprehensive Income or Loss

Comprehensive income or loss represents net income or loss, plus defined benefit plans liability adjustment, net of tax effect. The defined benefit plans liability adjustments for the interim periods ended September 27, 2014 and September 28, 2013 were not material.

E. Commitments and Contingencies

Purchase Commitments

The Company had outstanding total non-cancelable purchase commitments of $135.6 million at September 27, 2014. These commitments are made up of hops, barley and wheat totaling $58.6 million, equipment and machinery of $29.7 million, other ingredients of $8.9 million, advertising contracts of $34.7 million, and other of $3.7 million.

The Company has entered into contracts for the supply of a portion of its hops requirements. These purchase contracts extend through crop year 2016 and specify both the quantities and prices, mostly denominated in Euros, to which the Company is committed. Hops purchase commitments outstanding at September 27, 2014 totaled $43.1 million, based on the exchange rates on that date.

Currently, the Company has entered into contracts for barley and wheat with one major supplier. The contracts include crop year 2013 and 2014 and cover the Company s barley, wheat, and malt requirements for 2014 and part of 2015. These purchase commitments outstanding at September 27, 2014 totaled $15.5 million.

The Company sources glass bottles pursuant to a Glass Bottle Supply Agreement with Anchor Glass Container Corporation (Anchor), under which Anchor is the exclusive supplier of certain glass bottles for the Company s Cincinnati Brewery and its Pennsylvania Brewery. This agreement also establishes the terms on which Anchor may supply glass bottles to other breweries where the Company brews its beers. Under the agreement with Anchor, the Company has minimum and maximum purchase commitments that are based on Company-provided production estimates which, under normal business conditions, are expected to be fulfilled. The Company has reached the annual

minimum purchase commitments under this agreement, so that, as of September 27, 2014, there was no remaining purchase commitment. On October 1, 2014 the Company committed to minimum aggregate purchases in 2015 of $22.1 million.

Currently, the Company brews and packages more than 95% of its core brands volume at Company-owned breweries. In the normal course of its business, the Company has historically entered into various production arrangements with other brewing companies. Pursuant to these arrangements, the Company purchases the liquid produced by those brewing companies, including the raw materials that are used in the liquid, at the time such liquid goes into fermentation. The Company is required to repurchase all unused raw materials purchased by the brewing company specifically for the Company s beers at the brewing company s cost upon termination of the production arrangement. The Company is also obligated to meet annual volume requirements in conjunction with certain production arrangements. These requirements are not material to the Company s operations.

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Litigation

The Company is not a party to any pending or threatened litigation, the outcome of which would be expected to have a material adverse effect upon its financial condition or the results of its operations. In general, while the Company believes it conducts its business appropriately in accordance with laws, regulations and industry guidelines, claims, whether or not meritorious, could be asserted against the Company that might adversely impact the Company s results.

Environmental Matters

During the second quarter of 2010, the Company entered into an agreement with the City of Cincinnati (the City) to complete a remediation in accordance with a remediation plan on environmentally contaminated land to be purchased by the City which is adjacent to Company-owned land at the Cincinnati Brewery (the Property). In the third quarter of 2010, the City was awarded a Clean Ohio Revitalization Fund grant (CORF Grant) for the Property and will use these funds to complete the purchase of the Property and will provide funds to the Company to remediate the contaminated land and demolish certain other buildings on adjacent parcels. The Company paid approximately $0.3 million to the City for an option to purchase the Property after it has been fully remediated to enable potential future expansion at the Cincinnati Brewery. This amount is included in property, plant and equipment, net, in the accompanying consolidated balance sheet. In connection with these agreements, the Company recorded a current liability and an equal and offsetting other asset of approximately $2.6 million for the estimated total cleanup costs for which it is responsible under the remediation plan and the related CORF Grant, respectively. Under the terms of the agreement, the Company would not be reimbursed by the City for any remediation cost above the currently estimated cleanup cost of approximately $2.6 million.

During the second quarter of 2012, the Company entered into a second agreement with the City to complete a remediation in accordance with a remediation plan on environmentally contaminated land purchased by the Company which is also adjacent to Company-owned land at the Cincinnati Brewery (the Second Property). The City was awarded a Clean Ohio Revitalization Fund grant (CORF II Grant) and will provide funds to the Company to offset a portion of the purchase price of the Second Property, clean-up the contaminated land and buildings and to then demolish the buildings located on the Second Property. The Company paid approximately $0.3 million to purchase the Second Property. This amount is also included in property, plant and equipment, net, in the accompanying consolidated balance sheet. In connection with these arrangements, the Company recorded a current liability and an equal and offsetting other asset of approximately $0.7 million for the estimated total acquisition and cleanup costs for which it is responsible under the remediation plan and the related CORF II Grant, respectively. Under the terms of the agreement with the City, the Company would not be reimbursed by the City for any remediation cost above the currently estimated acquisition and cleanup costs of approximately $0.7 million.

At September 27, 2014, the Company has a remaining amount of $507,000 related to the CORF Grant and CORF II Grant recorded in other current assets. The Company accrues for environmental remediation-related activities for which commitments or cleanup plans have been developed and for which costs can be reasonably estimated. All accrued amounts are generally determined in coordination with third-party experts on an undiscounted basis. Any additional remediation costs above the currently estimated costs will not, in the opinion of management, have a material adverse effect on the Company s consolidated financial position or results of operations.

F. Income Taxes

As of September 27, 2014 and December 28, 2013, the Company had approximately $0.3 million and $0.6 million, respectively, of unrecognized income tax benefits.

The Company s practice is to classify interest and penalties related to income tax matters in income tax expense. As of September 27, 2014 and December 28, 2013, the Company had $0.3 million and $0.3 million, respectively, accrued for interest and penalties.

In April 2014, the IRS commenced an examination of the Company s 2012 consolidated corporate income tax returns. As of September 27, 2014, the examination has been settled and resulted in a net decrease of $0.1 million in unrecognized tax benefits for the thirteen weeks ended September 27, 2014.

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The Company s state income tax returns remain subject to examination for three or four years depending on the state s statute of limitations. The Company is being audited by two states as of September 27, 2014. In addition, the Company is generally obligated to report changes in taxable income arising from federal income tax audits.

G. Debt

Line of Credit

The Company has a credit facility in place that provides for a $150.0 million revolving line of credit which expires on March 31, 2019. As of September 27, 2014, the Company was not in violation of any of its covenants to the lender under the credit facility and there were no borrowings outstanding, so that the line of credit was fully available to the Company for borrowing.

H. Fair Value Measures

The Company defines fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Level 3 inputs are unobservable inputs for the asset or liability in which there is little, if any, market activity for the asset or liability at the measurement date.

All financial assets or liabilities that are measured at fair value on a recurring basis (at least annually) have been segregated into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date. The assets or liabilities measured at fair value on a recurring basis are summarized in the table below (in thousands):

	As of September 27, 2014			
	Level 1	Level 2	Level 3	Total
Assets:				

Cash equivalents	$ 58,844	$	$	$ 58,844

	As of December 28, 2013			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$ 50,224	$	$	$ 50,224

The Company s cash equivalents listed above represent money market mutual fund securities and are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices. The Company does not adjust the quoted market price for such financial instruments.

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Cash, certificates of deposit, receivables and payables are carried at their cost, which approximates fair value, because of their short-term nature. Financial instruments not recorded at fair value in the consolidated financial statements are summarized in the table below (in thousands):

	As of September 27, 2014			
	Level 1	Level 2	Level 3	Total
Note payable	$	$ 513	$	$ 513

	As of December 28, 2013			
	Level 1	Level 2	Level 3	Total
Note payable	$	$ 567	$	$ 567

I. Brewery Acquisition

On August 26, 2013, A&S acquired substantially all of the assets of the Coney Island business (Coney Island) and certain other assets from Shmaltz Brewing Company for a purchase price of $2.9 million. Costs related to the acquisition of Coney Island were not significant and were expensed as incurred.

The allocation of the purchase price is as follows (in thousands):

Property, plant and equipment	$ 110
Trade name	1,648
Goodwill	1,145
Total assets acquired and cash paid	$ 2,903

The Company has assigned an indefinite life to the acquired trade name and the related value is included in other assets in the accompanying consolidated balance sheets. Goodwill resulting from this acquisition is expected to be amortizable for tax purposes. The operating results of Coney Island since the acquisition date are included in the Company s consolidated financial statements.

J. Stock-Based Compensation

On January 1, 2014, the Company granted options to purchase an aggregate of 7,090 shares of the Company s Class A Common Stock to senior management with a weighted average fair value of $110.40 per share.

On January 1, 2014, the Company granted 11,840 shares of restricted stock awards to one executive officer and certain senior managers and key employees of which 6,672 shares vest ratably over service periods of five years and 5,168 shares represent special long-term retention awards. Of the special long-term retention awards 2,067 shares are service-based with 33% vesting in equal installments starting on January 1, 2017 and 3,101 shares are performance-based with vesting depending on the level of performance targets attained on various dates. On January 1, 2014 employees elected to purchase 8,516 shares under the investment share program. The weighted

average fair value of the restricted stock awards and investment shares, which are sold to employees at discount under its investment share program, was $241.79 and $106.53 per share, respectively.

On June 4, 2014, the Company granted options to purchase an aggregate of 6,696 shares of the Company s Class A Common Stock to the Company s non-employee Directors. These options have a weighted average fair value of $103.00 per share. All of the options vested immediately on the date of the grant.

On August 4, 2014 the Company granted 4,592 shares of restricted stock awards to a new senior employee. Vesting of these shares is service-base, with shares vesting over a service period of five years. The first 10% will vest on August 4, 2015. These restricted stock awards have a weighted average fair value of $221.68 per share.

Stock-based compensation expense related to share-based awards recognized in the thirteen and thirty-nine weeks ended September 27, 2014 was $1.4 million and $5.3 million, respectively, and was calculated based on awards expected to vest. Stock-based compensation expense related to share-based awards recognized in the thirteen and thirty-nine weeks ended September 28, 2013 was $2.0 million and $5.8 million, respectively.

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K. Impairment of Long-Lived Assets

During the third quarter of 2014, the Company incurred impairment charges of $1.6 million based upon its analysis of the fair value of machinery that is intended to be replaced in early 2015. Management based its valuation on the discounted cash flows of the machinery over its remaining useful life and estimated salvage value.

During the third quarter of 2013, the Company incurred impairment charges of $1.3 million based upon its analysis of the fair value of land owned by the Company in Freetown, Massachusetts. Management based its valuation on a market analysis which contained various data points, none of which were materially different than the amount recorded on the balance sheet.

L. Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued an update to Accounting Standards Codification 606 Revenue from Contracts with Customers (ASC 606) that will supersede virtually all existing revenue guidance. Under this update, an entity is required to recognize revenue upon transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. As such, an entity will need to use more judgment and make more estimates than under the current guidance. This update to ASC 606 should be applied retrospectively either to each prior reporting period presented in the financial statements, or only to the most current reporting period presented in the financial statements with a cumulative effect adjustment recorded in the retained earnings. This update to ASC 606 becomes effective and will be adopted by the Company in the first quarter of fiscal year 2017. Early adoption is not permitted. The Company is currently evaluating the impact of this update on its consolidated financial statements.

M. Subsequent Events

On October 9, 2014, the Board of Directors approved an increase of $25.0 million to the previously approved $325.0 million share buyback expenditure limit, for a new limit of $350.0 million.

The Company evaluated subsequent events occurring after the balance sheet date, September 27, 2014, and concluded that there were no events of which management was aware that occurred after the balance sheet date that would require any adjustment to the accompanying consolidated financial statements.

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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 significant factors affecting the consolidated operating results, financial condition and liquidity and cash flows of The Boston Beer Company, Inc. (the Company or Boston Beer) for the thirteen and thirty-nine week periods ended September 27, 2014, as compared to the thirteen and thirty-nine week periods ended September 28, 2013. This discussion should be read in conjunction with the Management s Discussion and Analysis of Financial Condition and Results of Operations, and the Consolidated Financial Statements of the Company and Notes thereto included in the Company s Annual Report on Form 10-K for the fiscal year ended December 28, 2013.

RESULTS OF OPERATIONS

Boston Beer s flagship product is Samuel Adams Boston Lager®. For purposes of this discussion, Boston Beer s core brands or core products include all products sold under the Samuel Adams®, Twisted Tea®, Angry Orchard® and various Alchemy & Science trade names. Core products do not include the products brewed or packaged at the Company s brewery in Cincinnati, Ohio (the Cincinnati Brewery) under a contract arrangement for a third party. Sales of such products are not significant to the Company s total sales in 2014 and 2013.

Thirteen Weeks Ended September 27, 2014 compared to Thirteen Weeks Ended September 28, 2013

Net revenue. Net revenue increased by $53.3 million, or 24.6%, to $269.7 million for the thirteen weeks ended September 27, 2014, as compared to $216.4 million for the thirteen weeks ended September 28, 2013, due primarily to increased shipments.

Volume. Total shipment volume increased by 23.5% to 1,229,000 barrels for the thirteen weeks ended September 27, 2014, as compared to 995,000 barrels for the thirteen weeks ended September 28, 2013, due to gains in core products shipment volume. Shipment volume for the core brands increased by 23.4% to 1,225,000 barrels, due primarily to increases in shipments of Angry Orchard, Samuel Adams and Twisted Tea brand products.

Depletions, or sales by distributors to retailers, of the Company s core products for the thirteen weeks ended September 27, 2014 increased by approximately 21% compared to the comparable thirteen week period in 2013, primarily due to increases in depletions of Angry Orchard, Samuel Adams and Twisted Tea brand products. The Company believes distributor inventory levels at September 27, 2014 were at appropriate levels. Inventory at distributors participating in the Freshest Beer Program at September 27, 2014 increased slightly in terms of days of inventory on hand when compared to September 28, 2013.

Net Revenue per barrel. The net revenue per barrel for core brands increased by 1.0% to $219.99 per barrel for the thirteen weeks ended September 27, 2014, as compared to $217.80 per barrel for the comparable period in 2013, due primarily to price increases and product and package mix.

Gross profit. Gross profit for core products was $116.69 per barrel for the thirteen weeks ended September 27, 2014, as compared to $116.14 per barrel for the thirteen weeks ended September 28, 2013. Gross margin for core products was 53.0% for the thirteen weeks ended September 27, 2014, as compared to 53.3% for the thirteen weeks ended September 28, 2013. The increase in gross profit per barrel of $0.55 is primarily due to an increase in net revenue per barrel partially offset by an increase in cost of goods sold per barrel.

Cost of goods sold for core brands was $103.30 per barrel for the thirteen weeks ended September 27, 2014, as compared to $101.66 per barrel for the thirteen weeks ended September 28, 2013. The 2014 increase in cost of goods

sold of $1.64 per barrel of core products is due to a change in product mix and increased packaging and ingredient costs.

The Company includes freight charges related to the movement of finished goods from its manufacturing locations to distributor locations in its advertising, promotional and selling expense line item. As such, the Company s gross margins may not be comparable to those of other entities that classify costs related to distribution differently.

Advertising, promotional and selling. Advertising, promotional and selling expenses increased $8.9 million, or 15.9%, to $65.0 million for the thirteen weeks ended September 27, 2014, as compared to $56.1 million for the thirteen weeks ended September 28, 2013. The increase of $8.9 million was primarily a result of increased investments in media advertising, increased costs for additional sales personnel, point of sale, and increased freight to distributors due to higher volumes.

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Advertising, promotional and selling expenses for core brands were 24% of net revenue, or $53.08 per barrel, for the thirteen weeks ended September 27, 2014, as compared to 26% of net revenue, or $56.49 per barrel, for the thirteen weeks ended September 28, 2013. The Company invests in advertising and promotional campaigns that it believes will be effective, but there is no guarantee that such investment will generate sales growth.

The Company conducts certain advertising and promotional activities in its distributors markets, and the distributors make contributions to the Company for such efforts. These amounts are included in the Company s statements of income and comprehensive income as reductions to advertising, promotional and selling expenses. Historically, contributions from distributors for advertising and promotional activities have amounted to between 2% and 4% of net sales. The Company may adjust its promotional efforts in the distributors markets if changes occur in these promotional contribution arrangements, depending on industry and market conditions.

General and administrative. General and administrative expenses were equal at $15.7 million for the thirteen weeks ended September 27, 2014, and for the comparable period in 2013. Increases in salary costs were offset by lower benefit and consulting costs.

Impairment of long-lived assets. Impairment of long lived assets increased $300 thousand as compared to the third quarter of 2013 due to the write-down in 2014 of Pennsylvania Brewery assets of $1.6 million compared to a write-down in 2013 of land owned by the Company in Freetown, Massachusetts of $1.3 million.

Provision for income taxes. The Company s effective tax rate for the thirteen weeks ended September 27, 2014 of 37.1% decreased from the thirteen weeks ended September 28, 2013 rate of 39.2%, primarily due to an increase in a deferred tax asset valuation allowance relating to the Freetown land write-down occurring in the thirteen weeks ended September 28, 2013 with no corresponding increase during the thirteen weeks ended September 27, 2014.

Thirty-nine Weeks Ended September 27, 2014 compared to Thirty-nine weeks Ended September 28, 2013

Net revenue. Net revenue increased by $151.5 million, or 28.4%, to $685.2 million for the thirty-nine weeks ended September 27, 2014, as compared to $533.7 million for the thirty-nine weeks ended September 28, 2013, due primarily to increased shipments.

Volume. Total shipment volume increased by 26.2% to 3,120,000 barrels for the thirty-nine weeks ended September 27, 2014, as compared to 2,473,000 barrels for the thirty-nine weeks ended September 28, 2013, due to gains in core products shipment volume. Shipment volume for the core brands increased by 26.3% to 3,110,000 barrels, due primarily to increases in shipments of Angry Orchard, Samuel Adams and Twisted Tea brand products.

Depletions, or sales by distributors to retailers, of the Company s core products for the thirty-nine weeks ended September 27, 2014 increased by approximately 25% compared to the comparable thirty-nine week period in 2013, primarily due to increases in depletions of Angry Orchard, Samuel Adams and Twisted Tea brand products.

Net Revenue per barrel. The net revenue per barrel for core brands increased by 1.70% to $220.14 per barrel for the thirty-nine weeks ended September 27, 2014, as compared to $216.47 per barrel for the comparable period in 2013, due primarily to price increases and product and package mix.

Gross profit. Gross profit for core products was $114.60 per barrel for the thirty-nine weeks ended September 27, 2014, as compared to $113.75 per barrel for the thirty-nine weeks ended September 28, 2013. Gross margin for core products was 52.1% for the thirty-nine weeks ended September 27, 2014, as compared to 52.5% for the thirty-nine weeks ended September 28, 2013. The increase in gross profit per barrel of $0.85 is primarily due to an increase in net

revenue per barrel, partially offset by an increase in cost of goods sold per barrel.

Cost of goods sold for core brands was $105.54 per barrel for the thirty-nine weeks ended September 27, 2014, as compared to $102.72 per barrel for the thirty-nine weeks ended September 28, 2013. The 2014 increase in cost of goods sold of $2.82 per barrel of core products is due to a change in product mix and increased packaging and ingredient costs.

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The Company includes freight charges related to the movement of finished goods from its manufacturing locations to distributor locations in its advertising, promotional and selling expense line item. As such, the Company s gross margins may not be comparable to those of other entities that classify costs related to distribution differently.

Advertising, promotional and selling. Advertising, promotional and selling expenses increased $42.5 million, or 28.4%, to $192.2 million for the thirty-nine weeks ended September 27, 2014, as compared to $149.7 million for the thirty-nine weeks ended September 28, 2013. The increase of $42.5 million was primarily a result of increased investments in media advertising, point of sale and local marketing, increased costs for additional sales personnel and commissions, and increased freight to distributors due to higher volumes.

Advertising, promotional and selling expenses for core brands were 28% of net revenue, or $61.80 per barrel, for the thirty-nine weeks ended September 27, 2014, as compared to 28% of net revenue, or $60.81 per barrel, for the thirty-nine weeks ended September 28, 2013.

General and administrative. General and administrative expenses increased by $3.0 million, or 6.6%, to $48.3 million for the thirty-nine weeks ended September 27, 2014, as compared to $45.3 million for the comparable period in 2013. The increase was primarily due to increases in salary costs.

Provision for income taxes. The Company s effective tax rate for the thirty-nine weeks ended September 27, 2014 of 37.3% decreased slightly from the thirty-nine weeks ended September 28, 2013 rate of approximately 37.4%.

LIQUIDITY AND CAPITAL RESOURCES

Cash increased to $57.2 million as of September 27, 2014 from $49.5 million as of December 28, 2013, reflecting cash provided by operating activities and cash provided by financing activities that was partially offset by purchases of property, plant and equipment.

Cash provided by or used in operating activities consists of net income, adjusted for certain non-cash items, such as depreciation and amortization, stock-based compensation expense and related excess tax benefit, other non-cash items included in operating results, and changes in operating assets and liabilities, such as accounts receivable, inventory, accounts payable and accrued expenses.

Cash provided by operating activities for the thirty-nine weeks ended September 27, 2014 was $102.6 million and primarily consisted of net income of $71.7 million, non-cash items of $23.1 million and a net decrease in operating assets and liabilities of $7.8 million. Cash provided by operating activities for the thirty-nine weeks ended September 28, 2013 was $66.9 million and primarily consisted of net income of $52.3 million, and non-cash items of $20.7 million, partially offset by a net increase in operating assets and liabilities of $6.2 million.

The Company used $128.3 million in investing activities during the thirty-nine weeks ended September 27, 2014, as compared to $75.8 million during the thirty-nine weeks ended September 28, 2013. Investing activities primarily consisted of discretionary equipment purchases to upgrade the Company-owned breweries and the purchase of additional kegs.

Cash provided by financing activities was $33.4 million during the thirty-nine weeks ended September 27, 2014, as compared to $21.8 million used in financing activities during the thirty-nine weeks ended September 28, 2013. The $55.3 million difference in financing cash flow in 2014 from 2013 is primarily due to an increase in proceeds from stock option exercises and a decrease in stock repurchases under the Company s Stock Repurchase Program.

During the thirty-nine weeks ended September 27, 2014 and the period from September 28, 2014 through October 24, 2014, the Company did not repurchase any of its Class A Common Stock. On October 9, 2014, the Board of Directors approved an increase of $25 million to the previously approved $325.0 million share buyback expenditure limit, for a new limit of $350.0 million. As of October 24, 2014, the Company had repurchased a cumulative total of approximately 10.9 million shares of its Class A Common Stock for an aggregate purchase price of $299.5 million and had approximately $50.5 million remaining on the $350 million stock repurchase expenditure limit set by the Board of Directors.

The Company expects that its cash balance as of September 27, 2014 of $57.2 million, along with future operating cash flow and the Company s unused line of credit of $150 million, will be sufficient to fund future cash requirements. The Company s $150.0 million credit facility has a term not scheduled to expire until March 31, 2019. As of the date of this filing, the Company was not in violation of any of its covenants to the lender under the credit facility and there were no amounts outstanding under the credit facility.

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2014 and 2015 Outlook

Year-to-date depletions through the 42 weeks ended October 18, 2014 are estimated by the Company to be up approximately 24% from the comparable period in 2013.

The Company has left unchanged its projected 2014 earnings per diluted share of between $6.00 to $6.40. The third quarter benefit of lower operating costs per barrel is expected to be offset by slightly lower than previously planned volumes in the fourth quarter. The Company currently anticipates depletions and shipments growth for the fifty-two week period ending December 27, 2014 of between 20% and 24%. The Company is targeting national price increases of approximately 2%, with full-year 2014 gross margins of between 51% and 53%. The Company intends to increase advertising, promotional and selling expenses by between $37 million and $45 million for the full year 2014. These increases exclude increases in freight costs for the shipment of products to the Company s distributors. The Company estimates increased investments of between $3 million to $5 million for existing brands developed by Alchemy & Science, which are included in the full-year estimated increases in advertising, promotional and selling expenses. The Company believes that its 2014 effective tax rate will be approximately 37.5% based upon current tax laws and underlying regulations.

The Company is completing its 2015 planning process and will provide further detailed guidance when the Company presents its full-year 2014 results. The Company is currently using the following preliminary assumptions and targets for 2015. The Company is forecasting depletion and shipment growth in the low-teens. The Company is targeting national price increases between 1% and 2%. Full-year 2015 gross margins are currently expected to be between 51% and 53%. The Company intends to increase advertising, promotional and selling expenses between $25 million and $35 million for the full year 2015, which does not include any increases in freight costs for the shipment of products to its distributors. The Company estimates increased investments of between $6 million and $12 million in existing brands developed by Alchemy & Science, which are included in our full year estimated increases in advertising, promotional and selling expenses. These estimates could change significantly and 2014 volume from the Alchemy & Science brands is unlikely to cover these and other expenditures related to these brands that could be incurred. The Company intends to increase its investment in its brands in 2015 commensurate with the opportunities for growth that it sees, but there is no guarantee that such increased investments will result in increased volumes. The Company estimates a full-year 2015 effective tax rate of approximately 38% based upon current tax laws and underlying regulations.

The Company is continuing to evaluate capital expenditures and to initiate projects to support its business plans. These capital expenditures consist mostly of continued investments in the Company s breweries and additional keg purchases in support of currently projected growth. The actual amount spent may be significantly higher, if deemed by management to be appropriate to meet anticipated future growth. Based on current information, the Company has decreased its estimated 2014 capital expenditure range to $150 million to $160 million from the previously communicated estimate of $160 million to $185 million which includes capital investments for existing Alchemy & Science projects of between $7 million and $9 million. The Company estimates full-year 2015 capital spending of between $80 million and $100 million. These 2015 estimates include capital investments for existing Alchemy & Science projects of between $5 million and $7 million. Based on information currently available, the Company believes that its capacity requirements for 2015 can be covered by its Company-owned breweries and existing contracted capacity at third party brewers.

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

Off-balance Sheet Arrangements

At September 27, 2014, the Company did not have off-balance sheet arrangements as defined in 03(a)(4)(ii) of Regulation S-K.

Contractual Obligations

There were no material changes outside of the ordinary course of the Company s business to contractual obligations during the three month period ended September 27, 2014.

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Critical Accounting Policies

There were no material changes to the Company s critical accounting policies during the three month period ended September 27, 2014.

Recent Accounting Pronouncements

For a description of recent accounting pronouncements, including the expected dates of adoption and estimated effects, if any, on our consolidated financial statements, see Note L, Recent Accounting Pronouncements, of the Notes to Consolidated Financial Statements.

FORWARD-LOOKING STATEMENTS

In this Quarterly Report on 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, 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 subsequent events or circumstances. 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 anticipated. Such risks and uncertainties include the factors set forth below in addition to the other information set forth in this Quarterly Report on Form 10-Q and in the section titled Other Risks and Uncertainties in the Company s Annual Report on Form 10-K for the year ended December 28, 2013.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Since December 28, 2013, 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.

Item 4. CONTROLS AND PROCEDURES

As of September 27, 2014, the Company conducted an evaluation under the supervision and with the participation of the Company s management, including the Company s Chief Executive Officer and Chief Financial Officer (its principal executive officer and principal financial officer, respectively) regarding the effectiveness of the design and operation of the Company s disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the Exchange Act). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the requisite time periods and that such disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated

and communicated to its management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

There was no change in the Company s internal control over financial reporting that occurred during the quarter ended September 27, 2014 that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

During the thirty-nine weeks ended September 27, 2014 there were no material changes to the disclosure made in our Annual Report on Form 10-K for the year ended December 28, 2013.

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Item 1A. RISK FACTORS

In addition to the other information set forth in this report, careful consideration should be given to the factors discussed in Part I, Item 1A. Risk Factors in the Company s Annual Report on Form 10-K for the year ended December 28, 2013, which could materially affect the Company s business, financial condition or future results. The risks described in the Company s Annual Report on Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that it currently deems to be immaterial also may materially adversely affect its business, financial condition and/or operating results.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

As of October 24, 2014, the Company has repurchased a cumulative total of approximately 10.9 million shares of its Class A Common Stock for an aggregate purchase price of $299.5 million and had $50.5 million remaining on the $350 million share buyback expenditure limit which includes a $25 million increase to the buyback expenditure limit that was approved by the Board of Directors on October 9, 2014.

During the thirty-nine weeks ended September 27, 2014, the Company repurchased 1,636 shares of its Class A Common Stock as illustrated in the table below:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
December 29, 2013 to February 1, 2014	861	$ 61.78		$ 25,471,411
February 2, 2014 to March 1, 2014	14	78.67		25,471,411
March 2, 2014 to March 29, 2014				25,471,411
March 30, 2014 to May 3, 2014	12	145.07		25,471,411
May 4, 2014 to May 31, 2014	94	124.66		25,471,411
June 1, 2014 to June 28, 2014	82	70.88		25,471,411
June 29, 2014 to August 2, 2014	107	137.08		25,471,411
August 3, 2014 to August 30, 2014	393	89.61		25,471,411
August 31, 2014 to September 27, 2014	73	145.07		25,471,411
Total	1,636	$ 81.93		$ 25,471,411

During the thirty-nine weeks ended September 27, 2014, the Company repurchased 1,636 shares of unvested investment shares issued under the Investment Share Program of the Company s Employee Equity Incentive Plan.

Mr. C. James Koch, the Company s Founder and Chairman of the Board of Directors, converted 135,000 shares of his holdings in Class B Common Stock into 135,000 shares of Class A Common Stock on February 18, 2014 and converted 100,000 shares of his holdings in Class B Common Stock into 100,000 shares of Class A Common Stock on May 7, 2014.

As of October 24, 2014, the Company had 9.3 million shares of Class A Common Stock outstanding and 3.7 million shares of Class B Common Stock outstanding.

Item 3. DEFAULTS UPON SENIOR SECURITIES
Not Applicable

Item 4. MINE SAFETY DISCLOSURES
Not Applicable

Item 5. OTHER INFORMATION
Not Applicable

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Item 6. EXHIBITS

Exhibit No.	Title
11.1	The information required by Exhibit 11 has been included in Note C of the notes to the consolidated financial statements.
*31.1	Certification of the President and Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*32.1	Certification of the President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Calculation Linkbase Document
*101.LAB	XBRL Taxonomy Label Linkbase Document
*101.PRE	XBRL Taxonomy Presentation Linkbase Document
*101.DEF	XBRL Definition Linkbase Document

* Filed with this report

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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: October 30, 2014

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

Date: October 30, 2014

/s/ William F. Urich
William F. Urich
Chief Financial Officer
(principal accounting and financial officer)