

BOSTON BEER CO INC  
Form DEF 14A  
April 14, 2011

**Table of Contents**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No.     )**

**Filed by the Registrant**

**Filed by a Party other than the Registrant**

Check the appropriate box:

- Preliminary Proxy Statement
- Definitive Proxy Statement
- Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

**The Boston Beer Company, Inc.**

*(Name of Registrant as Specified In Its Charter)*

**The Boston Beer Company, Inc.**

*(Name of Person(s) Filing Proxy Statement)*

**Payment of Filing Fee (Check the appropriate box):**

- No fee required.
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
    - 1) Title of each class of securities to which transaction applies:
  
    - 2) Aggregate number of securities to which transaction applies:
  
    - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
  
    - 4) Proposed maximum aggregate value of transaction:
  
    - 5) Total fee paid:
  - Fee paid previously with preliminary materials.
  - Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
    - 1) Amount Previously Paid:
  
    - 2) Form, Schedule or Registration Statement No.:
  
    - 3) Filing Party:
  
    - 4) Date Filed:
- 
-

**TABLE OF CONTENTS**

NOTICE OF THE 2011 ANNUAL MEETING OF STOCKHOLDERS

PROXY STATEMENT

RECORD DATE AND VOTING SECURITIES

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Items 1 and 2. ELECTION OF CLASS A AND CLASS B DIRECTORS

NOMINEES FOR BOARD OF DIRECTORS

CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS

COMPENSATION OF DIRECTORS

FISCAL YEAR 2010 DIRECTOR COMPENSATION

EXECUTIVE OFFICERS

COMPENSATION DISCUSSION AND ANALYSIS

REPORT OF THE COMPENSATION COMMITTEE<sup>1</sup>

EXECUTIVE COMPENSATION

GRANTS OF PLAN-BASED AWARDS IN FISCAL 2010

OUTSTANDING EQUITY AWARDS AT 2010 FISCAL YEAR-END

OPTION EXERCISES AND STOCK VESTED IN FISCAL 2010

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Item 3. ADVISORY VOTE ON EXECUTIVE COMPENSATION

Item 4. ADVISORY VOTE ON FREQUENCY OF EXECUTIVE COMPENSATION ADVISORY  
VOTE

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

TRANSACTIONS WITH RELATED PERSONS

REPORT OF THE AUDIT COMMITTEE

DEADLINES FOR SUBMISSION OF STOCKHOLDER PROPOSALS

OTHER MATTERS

10-K REPORT

VOTING PROXIES

---

**Table of Contents**

**THE BOSTON BEER COMPANY, INC.**

**NOTICE OF THE 2011 ANNUAL MEETING OF STOCKHOLDERS**

**May 25, 2011**

To our Stockholders:

The 2011 Annual Meeting of the Stockholders of THE BOSTON BEER COMPANY, INC. (the Company) will be held on Wednesday, May 25, 2011, at 9:00 a.m. at The Brewery located at 30 Germania Street, Boston, Massachusetts, for the following purposes:

1. The election by the holders of the Class A Common Stock of three (3) Class A Directors, each to serve for a term of one (1) year.
2. The election by the sole holder of the Class B Common Stock of five (5) Class B Directors, each to serve for a term of one (1) year.
3. To conduct an advisory vote on the compensation of the Company's named executive officers.
4. To conduct an advisory vote on the frequency of holding future advisory votes on the compensation of the Company's named executive officers.
5. To consider and act upon any other business which may properly come before the meeting.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

The Board of Directors has fixed the close of business on March 28, 2011 as the record date for the meeting. Only stockholders of record on that date are entitled to notice of and to vote at the meeting.

**YOUR VOTE IS VERY IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AS SOON AS POSSIBLE.** You may submit your proxy (1) by mail using a traditional proxy card, (2) by calling the toll-free number, or (3) through the Internet, as described in the enclosed materials.

This Proxy Statement and accompanying proxy are being distributed on or about April 14, 2011.

C. James Koch  
*Chairman of the Board of Directors*

Kathleen H. Wade  
*Corporate Secretary*

**Important Notice Regarding the Availability of Proxy Materials for the  
Annual Meeting of Stockholders to be Held on May 25, 2011**

The Notice of Annual Meeting, Proxy Statement and the Annual Report to Stockholders are available on the Internet. If your shares are held in your name, you may access the materials at <http://bnymellon.mobular.net/bnymellon/sam>. If your shares are held in the name of a bank, broker or other holder of record, you may access the materials at [www.proxyvote.com](http://www.proxyvote.com).

---

**Table of Contents**

**THE BOSTON BEER COMPANY, INC.**

**PROXY STATEMENT**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of The Boston Beer Company, Inc. (the Company) for use at the 2011 Annual Meeting of Stockholders to be held on Wednesday, May 25, 2011, at the time and place set forth in the notice of the meeting, and at any adjournments thereof.

**Proxy Materials are Available Electronically**

As permitted by the rules of the Securities and Exchange Commission (SEC), the Company is making this proxy statement and its annual report available to its stockholders electronically via the Internet. On or about April 14, 2011, the Company mailed to its stockholders a Notice containing instructions on how to access this proxy statement and the Company's annual report online. Those stockholders who received a Notice by mail will not receive a printed copy of the proxy materials in the mail. Instead, the Notice provides instructions on how to access and review all of the important information contained in the proxy statement and annual report and how stockholders may submit their proxy over the Internet. Stockholders who received a Notice by mail who would like to receive a printed copy of the Company's proxy materials should follow the instructions for requesting such materials contained in the Notice.

**Information about Voting**

Stockholders can vote in person at the Annual Meeting or by proxy.

*If your shares are held in your name*, there are three ways to vote by proxy — by Internet, by toll-free telephone or by mail. If you access the Company's proxy materials via the Internet, you may vote electronically or by telephone or you may request a proxy card to mail. If you request a printed copy of the Company's proxy materials, by following the instructions on the proxy card, you can vote by Internet, by toll-free telephone or by signing, dating and mailing the proxy card.

*If your shares are held in the name of a bank, broker or other holder of record*, you will receive instructions from the holder of record. You must follow the instructions of the holder of record in order for your shares to be voted. Telephone and Internet voting also will be offered to stockholders owning shares through certain banks and brokers. If your shares are not registered in your own name and you plan to vote your shares in person at the Annual Meeting, you must contact your broker or agent to obtain a legal proxy or broker's proxy card and bring it to the Annual Meeting in order to vote.

Internet and telephone voting facilities for stockholders of record will be available 24 hours a day and will close at 11:59 p.m. (EDT) on May 24, 2011.

If you vote by proxy, the individuals named on the proxy card (your proxies) will vote your shares in the manner you indicate. You may specify whether your shares should be voted for or against all, some or none of the nominees for director. If you sign and return the proxy card without indicating your instructions, your shares will be voted FOR each of the agenda items for which you are entitled to vote and have not clearly indicated votes, except for Item 4 which will be voted for a frequency of every ONE YEAR for the shareholder advisory vote on executive compensation. In addition, if other matters come before the meeting, the persons named in the accompanying proxy and acting thereunder will have discretion to vote on these matters in accordance with their best judgment.

You may revoke or change your proxy at any time before it is exercised by (1) delivering to the Company a signed proxy card with a date later than your previously delivered proxy, (2) voting in person at the Annual Meeting, (3) granting a subsequent proxy through the Internet or telephone, or (4) sending a written revocation to the Company's Corporate Secretary, Kathleen H. Wade. Your most current proxy card or telephone or Internet proxy is the one that will be counted.

The holders of a majority in interest of the issued and outstanding Class A Common Stock are required to be present in person or to be represented by proxy at the Annual Meeting in order to constitute a quorum for the election of the Class A Directors, the advisory vote regarding the compensation of the Company's named executive

---

## **Table of Contents**

officers, and the advisory vote on the frequency of holding future advisory votes regarding the compensation of the Company's named executive officers.

The matters being brought before the meeting will be decided, as follows:

Item 1, the election of each of the nominees for Class A Director as set forth below in this Proxy Statement in greater detail, will be decided by plurality vote of the holders of Class A Common Stock present in person or represented by proxy at the Annual Meeting.

Item 2, the election of each of the nominees for Class B Director, also as set forth below in this Proxy Statement in greater detail will be decided by the affirmative vote of the sole holder of the outstanding shares of Class B Common Stock, voting in person or by proxy at the meeting.

Item 3, the non-binding, advisory vote regarding the compensation of the Company's named executive officers, will be decided by the affirmative vote of the holders of a majority of the shares of the Class A Common Stock represented in person or by proxy and entitled to vote.

Item 4, the non-binding, advisory vote regarding the frequency of voting on the compensation of the Company's named executive officers, the frequency (every one, two or three years) for which the highest number of shares of Class A Common Stock are voted will be deemed to be the choice of the stockholders.

With respect to any other matter, if any, that properly comes before the Annual Meeting, the affirmative vote of the sole holder of the shares of Class B Common Stock represented in person or by proxy will be required for approval.

Abstentions and withheld votes will be counted as present in determining whether the quorum requirement is satisfied. Votes withheld with respect to the election of Class A Directors will have the same effect as a negative votes. Similarly, abstentions will have the same effect as a negative vote on the advisory vote regarding the compensation of the Company's named executive officers.

All reasonable proxy soliciting expenses incurred in connection with the solicitation of proxies for the Annual Meeting will be borne by the Company. Officers and regular employees of the Company, without being additionally compensated, may solicit proxies by mail, telephone, telegram, facsimile or personal contact.

The Company's principal executive offices are located at One Design Center Place, Suite 850, Boston, Massachusetts 02210, telephone number (617) 368-5000.

## **RECORD DATE AND VOTING SECURITIES**

Only stockholders of record at the close of business on March 28, 2011, are entitled to notice of and to vote at the meeting. On that date, the Company had outstanding and entitled to vote 9,322,118 shares of Class A Common Stock, \$.01 par value per share, and 4,107,355 shares of Class B Common Stock, \$.01 par value per share. Each outstanding share of the Company's Class A and Class B Common Stock entitles the record holder to one (1) vote on each matter properly brought before the Class.

## **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding beneficial ownership of the Company's Class A Common Stock and Class B Common Stock as of March 28, 2011 by:

each person (or group of affiliated persons) known by the Company to be the beneficial owner(s) of more than 5% of the outstanding Class A Common Stock;

the current directors of the Company, all of whom are nominees for reelection as directors, and the executive officers of the Company named in the Summary Compensation Table on page 25 ( named executive officers ); and

all current directors and executive officers of the Company as a group.

**Table of Contents**

The address of all Directors and named executive officers is c/o The Boston Beer Company, Inc., One Design Center Place, Suite 850, Boston, Massachusetts 02210. The information provided in the table is based on the Company's records, information filed with the SEC and information provided to the Company, except where otherwise noted.

Beneficial ownership is determined under the rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Under those rules, beneficial ownership includes any shares as to which the individual has the sole or shared voting power or investment power and also any shares that the individual has the right to acquire under certain circumstances. Unless otherwise indicated, each person named below held sole voting and investment power over the shares listed. All shares are Class A Common Stock, except for shares of Class B Common Stock held by C. James Koch.

Name of Beneficial Owner	Shares Beneficially Owned	
	Number	Percent
<b>Directors and Executive Officers:</b>		
<b>C. James Koch</b> (1)	4,492,174	33.4%
<b>Martin F. Roper</b> (2)	194,030	*
<b>David A. Burwick</b> (3)	36,200	*
<b>Pearson C. Cummin, III</b> (4)	53,923	*
<b>Charles J. Koch</b> (5)	71,800	*
<b>Jay Margolis</b> (6)	26,000	*
<b>Gregg A. Tanner</b> (7)	23,000	*
<b>Jean-Michel Valette</b> (8)	56,500	*
<b>William F. Urich</b> (9)	164,225	*
<b>Thomas W. Lance</b> (10)	60,731	*
<b>John C. Geist</b> (11)	1,894	*
<b>All Directors, Nominees for Director and Executive Officers as a group</b> (13 people)	5,195,278	38.7%
<b>Owners of 5% or More of Our Outstanding Shares:</b>		
<b>Black Rock, Inc.</b> (12) 40 E. 52nd Street New York, NY 10022	678,921	7.3%
<b>Neuberger Berman Group LLC</b> (13) Neuberger Berman LLC Neuberger Berman Management LLC Neuberger Berman Equity Funds 605 Third Avenue, New York, NY 10158	1,284,400	13.8%
<b>The Vanguard Group, Inc.</b> (14) 100 Vanguard Blvd., Malvern, PA 19355	593,552	6.4%

\* Represents holdings of less than one percent (1%).

- (1) Includes 4,107,355 shares of Class B Common Stock, constituting all of the outstanding shares of Class B Common Stock, options to acquire 26,500 shares of Class A Common Stock exercisable currently or within sixty (60) days, 23,486 shares of Class A Common Stock held by Mr. Koch for the benefit of his minor children and 5,266 shares of Class A Common Stock held by Mr. Koch's spouse as custodian for the benefit of his children for which she has sole voting and investment power.

- (2) Includes options to acquire 193,000 shares of Class A Common Stock exercisable currently or probable to become exercisable within sixty (60) days.
- (3) Includes options to acquire 36,000 shares of Class A Common Stock exercisable currently or within sixty (60) days.
- (4) Includes options to acquire 30,000 shares of Class A Common Stock exercisable currently or within sixty (60) days.

**Table of Contents**

- (5) Includes options to acquire 50,000 shares of Class A Common Stock exercisable currently or within sixty (60) days and 1,000 shares held in trust in which Mr. Koch has a beneficial interest.
- (6) Consists of options to acquire 26,000 shares of Class A Common Stock exercisable currently or within sixty (60) days.
- (7) Consists of options to acquire 23,000 shares of Class A Common Stock exercisable currently or within sixty (60) days.
- (8) Includes options to acquire 40,000 shares of Class A Common Stock exercisable currently or within sixty (60) days.
- (9) Includes options to acquire 160,800 shares of Class A Common Stock exercisable currently or within sixty (60) days and 1,871 shares of Class A Common Stock purchased under the Company's Investment Share program which are not yet vested.
- (10) Includes options to acquire 50,000 shares of Class A Common Stock exercisable currently or within sixty (60) days, 2,000 shares of Class A Common Stock issued pursuant to a restricted stock award which are not yet vested and 638 shares of Class A Common Stock purchased under the Company's Investment Share program which are not yet vested.
- (11) Consists of 1,894 shares of Class A Commons Stock purchased under the Company's Investment Share program which are not yet vested.
- (12) Information is based on a Schedule 13G filed with the SEC on February 3, 2011 by BlackRock, Inc., which reported sole voting power and sole dispositive power as follows: sole voting power 678,921 shares and sole dispositive power 678,921 shares.
- (13) Information is based on a Schedule 13G filed with the SEC on February 14, 2011 by Neuberger Berman Group LLC, Neuberger Berman LLC, Neuberger Berman Management LLC and Neuberger Berman Equity Funds, which reported that these entities may be deemed to beneficially own all of the shares reported in the table. Neuberger Berman Group LLC and Neuberger Berman LLC each reported shared voting power with respect to 1,115,191 shares and shared dispositive power with respect to 1,284,400 shares. Neuberger Berman Management LLC reported shared voting power and shared dispositive power with respect to 1,024,419 shares. Neuberger Berman Equity Funds reported shared voting power and shared dispositive power with respect to 1,018,419 shares. These entities also reported that the holdings of Neuberger Berman Trust Co N.A., Neuberger Berman Trust Co of Delaware N.A., NB Alternative Fund Management LLC, NB Alternatives Advisers LLC and Neuberger Berman Fixed Income LLC, affiliates of Neuberger Berman LLC, are also aggregated to comprise the shares reported.
- (14) Information is based on a Schedule 13G filed with the SEC on February 11, 2011 by The Vanguard Group, Inc., which reported sole voting power and sole and shared dispositive power as follows: sole voting power 14,017 shares, shared dispositive power 14,017 shares, and sole dispositive power 579,535 shares.

**Items 1 and 2. ELECTION OF CLASS A AND CLASS B DIRECTORS**

Upon the recommendation of the Nominating/Governance Committee, the Board of Directors proposes that the initial number of Directors for the ensuing year be fixed at eight (8), consisting of three (3) Class A Directors to be elected

by the holders of the Class A Common Stock for a term of one (1) year, and five (5) Class B Directors to be elected by the sole holder of the Class B Common Stock, also for a term of one (1) year, reserving the right of the sole holder of the Class B Common Stock to increase the number of Class B Directors to up to seven (7) at such time as he deems appropriate and to elect up to two (2) additional Class B Directors accordingly.

It is proposed that the holders of the Class A Common Stock elect each of the three (3) nominees for Class A Director to serve for a term of one (1) year and until his successor is duly elected and qualified or until he sooner dies, resigns or is removed.

It is anticipated that the sole holder of the Class B Common Stock will elect each of the five (5) nominees for Class B Director, also to serve for a term of one (1) year and until his successor is duly elected and qualified or until he sooner dies, resigns or is removed. Three (3) of the five (5) nominees for Class B Directors are either executive officers of the Company or immediate family members of such executive officers.

**Table of Contents**

Shares represented by proxies submitted through the Internet or by telephone, and those represented by paper proxy cards that are properly signed, dated and returned, will be voted at the Annual Meeting in accordance with the instructions set forth therein. If a proxy is properly submitted, whether through the Internet, by telephone, or by mail using a paper proxy card, but contains no instructions, the persons named in the accompanying proxy will vote, unless authority is formally withheld, **FOR** the election as Class A Directors of the three (3) nominees named below. In the event that any of the nominees should become unavailable for election, which is not anticipated, the persons named in the accompanying proxy will vote for such substitute nominees as the incumbent Class A Directors, acting pursuant to Section 4.8 of the Company's By-Laws as a nominating committee, may nominate. As indicated below, none of the nominees for Class A Directors are executive officers of the Company or its subsidiaries nor immediate family members of such executive officers.

**NOMINEES FOR BOARD OF DIRECTORS**

*Nominees Proposed in Accordance with the Terms of the Articles of Organization, By-Laws of the Company and the Corporate Governance Guidelines.* Set forth below are the nominees for election as Class A and Class B Directors, respectively, for terms ending in 2012 and certain information about each of them. Each nominee is currently a director of the Company and the information below includes the experiences, qualifications, attributes or skills that caused the Board of Directors to determine that the individual should continue to serve as a director of the Company. All nominees have extensive business and senior management experience and together represent a diverse group of individuals with particular skills and experience in those areas the Company considers to be the most critical to its business and prospects, including knowledge of and experience in the alcohol beverage industry, marketing and brand development, operations and supply chain management, finance, sales, and general enterprise management.

**Class A Directors:**

<b>Name of Nominee</b>	<b>Age</b>	<b>Year First Elected a Director</b>	<b>Position With the Company or Principal Occupation During the Past Five Years</b>
David A. Burwick	49	2005	In April, 2010, Mr. Burwick became President, North America, of Weight Watchers International, Inc., a publicly-held company based in New York City and a leading provider of weight management services. Mr. Burwick had been Senior Vice President and Chief Marketing Officer of PepsiCo North American Beverages, headquartered in Purchase, New York until September 2009. Before assuming that position in April 2008, he had been Executive Vice President, Commercial, of PepsiCo International and President of Pepsi-QTG Canada, headquartered in Toronto, a position he held from November 2005 to March 2008. Mr. Burwick held several positions with Pepsi-Cola North America, including serving as Senior Vice President and Chief Marketing Officer from June 2002 until immediately prior to his move to Pepsi-QTG Canada. Mr. Burwick has extensive experience in marketing consumer product goods and brand development.



**Table of Contents**

<b>Name of Nominee</b>	<b>Age</b>	<b>Year First Elected a Director</b>	<b>Position With the Company or Principal Occupation During the Past Five Years</b>
Pearson C. Cummin, III	68	1995	Mr. Cummin has been active as a private investor for over five years and is currently the Managing Member of Grey Fox Associates I, LLC, a private investment company headquartered in Greenwich, Connecticut. He served as a Director of Pacific Sunwear of California, Inc., a California-based specialty apparel retailer, from 1988 through March 2010, where he also had served as chair of its compensation committee and a member of its audit and nominating/governance committees. Mr. Cummin currently serves as the Secretary/Treasurer elect of the American Diabetes Association. From 1986 through 2002, Mr. Cummin served as a general partner of Consumer Venture Partners, a Greenwich, Connecticut-based venture capital firm. He is an experienced investor and a venture capitalist, with extensive experience in finance, public company corporate governance and executive compensation matters.
Jean-Michel Valette	50	2003	Mr. Valette currently serves as an independent advisor to select branded consumer companies. He is Chairman of the Board and a member of the audit and nominating/governance committees of Peet's Coffee and Tea Inc., a California-based specialty coffee company. He is also Chairman of the Board and a member of the audit committee of Select Comfort Corporation, a Minneapolis-based bedding company. Until October 2006, he was also Chairman of Robert Mondavi Winery, a California wine company. Prior to assuming that position, he had served as President and Managing Director of Robert Mondavi Winery from October 2004 to January 2005. From May 2003 through May 2006, Mr. Valette served as a Class B Director of the Company. Mr. Valette has extensive experience in management, public company corporate governance, strategic planning and finance, as well as in the alcohol beverage industry.

**The Board recommends that holders of Class A Common Stock vote FOR each nominee listed.**

**Table of Contents****Class B Directors:**

<b>Name of Nominee</b>	<b>Age</b>	<b>Year First Elected a Director</b>	<b>Position With the Company or Principal Occupation During the Past Five Years</b>
C. James Koch	61	1995	Mr. Koch founded the Company in 1984 and currently serves as its Chairman. Until January 2001, Mr. Koch also served as the Company's Chief Executive Officer and he served as the Company's Secretary/Clerk until May 2010. He is a member of the Board of Directors of the Brewers Association, which represents craft brewers in the U.S. Prior to starting the Company, he had worked as a consultant for an international consulting firm, with a focus on manufacturing. His 25 years at the helm of the Company, during which it grew from a small start-up company to its current position, is a testament to his skill in brewing, strategy, brand development and industry leadership.
Charles J. Koch	88	1995	Mr. Koch is the father of founder C. James Koch. In 1989, Mr. Koch retired as founder and co-owner of Chemicals, Inc., a distributor of brewing and industrial chemicals in southwestern Ohio, a business that he had established and managed for over 30 years. Prior to that, Mr. Koch had been a brewmaster for several years. He also holds a degree in brewing from the Siebel Institute of Technology.
Jay Margolis	62	2006	Mr. Margolis is currently an independent investor. He serves as a Director of Burlington Coat Factory Warehouse Corporation, a privately held company headquartered in Burlington, New Jersey, Godiva Chocolatier Inc., a privately held, high-end specialty chocolate manufacturer and retailer, with its North American headquarters located in New York, New York, and Built NY, Inc., a privately held designer and manufacturer of fashionable and functional totes, bags, cases and similar consumer products, also headquartered in New York, New York. From October 2005 through July 2007, Mr. Margolis served as the President and CEO of the Apparel Group of Limited Brands located in Ohio. Before assuming that position, he had been President and Chief Operating Officer of Massachusetts-based Reebok, Inc. since 2001, where he also served as a Director. Prior to that he served on the boards and as

an executive officer of other well-known clothing brands. Mr. Margolis has significant knowledge of retailing of consumer product goods, merchandising, consumer insights, strategic planning and public company corporate governance.

**Table of Contents**

<b>Name of Nominee</b>	<b>Age</b>	<b>Year First Elected a Director</b>	<b>Position With the Company or Principal Occupation During the Past Five Years</b>
Martin F. Roper	48	1999	Mr. Roper is the President and Chief Executive Officer of the Company, a position he had held since January 2001. Mr. Roper joined the Company as Vice President of Manufacturing and Business Development in September 1994, became the Chief Operating Officer in April 1997 and became President and Chief Operating Officer in December 1999. In November 2007, Mr. Roper joined the board of directors of Lumber Liquidators, Inc., a Virginia-based hardwood flooring retailer and is chair of its compensation committee and a member of its audit committee. Mr. Roper holds a masters degree in manufacturing, as well as an advanced degree in business management. Prior to joining the Company, he worked as a strategy consultant and led small manufacturing companies in turn-around situations. His experience, both prior to and since joining the Company, provides strength in operations, strategy, finance, public company corporate governance and general management.
Gregg A. Tanner	54	2007	Mr. Tanner is currently Executive Vice President and Chief Supply Chain Officer of Dean Foods Company of Dallas, Texas, a position he has held since November 2007. From July 2006 through October 2007, Mr. Tanner was Senior Vice President of Global Operations for The Hershey Company of Hershey, Pennsylvania. He was with ConAgra Foods of Omaha, NE from September 2001 through July 2005, holding the position of Senior Vice President, Retail Supply Chain from June 2002 through July 2005. Prior to that, Mr. Tanner held positions of increasing responsibility at the Quaker Oats Company and Ralston Purina Company. Mr. Tanner has over 30 years of operations and supply chain management experience in the food and beverage industry, with significant experience in risk management.

**CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS**

The Company is committed to having sound corporate governance principles. The Company's Code of Business Conduct and Ethics, which applies to the Company's directors, officers and employees, the Company's Corporate Governance Guidelines and the charters of the Audit, Compensation and Nominating/Governance Committees are

available on the Company's website, [www.bostonbeer.com/CorporateGovernance](http://www.bostonbeer.com/CorporateGovernance), and are also available in print to any stockholder who requests them. Such requests should be directed to the Investor Relations Department, The Boston Beer Company, Inc., One Design Center Place, Suite 850, Boston, MA 02210.

### **Board Independence**

The Board has determined that all of the persons standing for reelection as Class A directors, namely, Messrs. Burwick, Cummin and Valette, and two (2) of the persons standing for reelection as Class B directors, namely, Messrs. Margolis and Tanner, together constituting a majority of the Board of Directors, have no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company) and are independent, as determined in accordance with the director independence standards of the New York Stock Exchange ( NYSE ) and the SEC. In addition, the Board has determined that each member of the Audit, Compensation and Nominating/Governance Committees has no material relationship with

## **Table of Contents**

the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company) and is independent as determined under the NYSE and SEC director independence standards.

## **Board Leadership Structure**

Since 2001, the Company has separated the roles of Chief Executive Officer and Chairman. The Company believes that this strengthens the Company by allowing the Chief Executive Officer to focus on day-to-day management of the business and the Chairman to focus on leadership of the Board of Directors, issues of beer quality and innovation, and overall brand strategy and awareness. The Chairman continues to be active in the Company's business, but with more focus in critical areas of the business and outreach, including participation in industry trade associations and promotion of the business. Both participate fully in deliberations of the Board of Directors.

The independent directors regularly meet in scheduled executive sessions without management, with a portion of the session with the Chairman of the Board and another portion without the Chairman. The Chair of the Board's Nominating/Governance Committee leads these sessions and at the conclusion of each executive sessions reports back to the Chairman and the Chief Executive Officer on the executive session discussions. The independent directors met formally in executive session four times during the Company's 2010 fiscal year.

## **Board Meetings and Structure; Committee Composition**

During the Company's 2010 fiscal year, there were five meetings of the Board of Directors of the Company. All of the Directors attended, either in person or by telephone, all or a portion of all board meetings and all meetings of the committees of the Board of Directors on which they served, with the exception of one Director who did not attend one meeting of the Board of Directors and one meeting of the Compensation Committee.

The Company strongly encourages all Directors to attend annual meetings of stockholders. All Directors except one attended the last annual meeting of stockholders.

As of the date of this Proxy Statement, the Board has eight Directors and three standing committees, namely, the Audit Committee, the Compensation Committee and the Nominating/Governance Committee. Committee membership during the 2010 fiscal year and the function of each committee are described below. Each of the committees operates under a written charter adopted by the Board.

The Board oversees the Company's risk assessment and risk management programs and processes, primarily through the Audit Committee. The Compensation Committee is also charged with evaluating risks that may be inherent in the Company's compensation policies and practices.

## **Audit Committee**

The Audit Committee of the Board of Directors assists the Board in fulfilling its responsibility to oversee management's conduct of the Company's financial reporting process, including overseeing the financial reports and other financial information provided by the Company's systems of internal accounting and financial controls and the annual independent audit of the Company's financial statements. The Audit Committee prepares the Audit Committee report for inclusion in the annual proxy statement; annually reviews the Audit Committee charter and the Audit Committee's performance; appoints, evaluates and determines the compensation of the Company's independent auditors; reviews and approves the scope of the annual audit of the Company's financial statements and the fees for such audit; pre-approves all other audit and non-audit services provided to the Company by the Company's independent auditors; reviews the Company's disclosure controls and procedures, internal controls and corporate policies relating to financial information and earnings guidance; and reviews other risks that may have a significant

impact on the Company's financial statements. The Audit Committee amended its charter in 2008, 2010 and 2011 to expand its responsibilities to include more specifically oversight of operational, governance and other risks that could adversely affect the Company's business.

To fulfill these oversight responsibilities, at each regular meeting of the Audit Committee the Company's internal audit and risk management and review manager, and representatives of the Company's independent public accounting firm, give reports on, and the Audit Committee reviews and discusses, potential material risks to the

## **Table of Contents**

Company, and the Audit Committee asks for and receives regular updates on steps taken by management to address those risks. Areas of focus in 2010 included regulatory compliance, quality and safety issues and crisis management. The Audit Committee reports any risks that it believes could have a material adverse impact on the Company to the full Board of Directors.

The present members of the Audit Committee are Pearson C. Cummin, III (Chair), Gregg A. Tanner, and Jean-Michel Valette. The Board has determined that each member of the Audit Committee is an audit committee financial expert as defined under SEC rules. The Audit Committee had four meetings in 2010. The report of the Audit Committee is included in this Proxy Statement on page 32.

## **Compensation Committee**

The Compensation Committee discharges the Board's responsibilities relating to compensation of the Company's officers and directors. The Compensation Committee exercises overall responsibility for evaluating and approving compensation programs and policies of the Company relating to officers and directors; provides general oversight of the Company's compensation structure, including the Company's equity compensation plans; reviews and makes recommendations to the Board concerning policies or guidelines with respect to employment arrangements involving senior executive officers and directors of the Company; reviews and approves corporate goals and objectives relevant to the compensation of the Chairman and CEO and other senior executives; evaluates the performance of the Chairman and the CEO and other senior executives in light of those goals and objectives; and sets the compensation level for the Chairman and the CEO and reviews and approves the compensation parameters of other senior executives of the Company. The Compensation Committee makes reports to the Board of Directors on a regular basis; reviews its own performance; reviews and reassesses the adequacy of its charter and recommends any proposed changes to the Board of Directors for its approval; and issues an annual report, including a discussion and analysis of executive compensation, for inclusion in the Company's proxy statement. The Compensation Committee also considers areas of risk that may arise from the Company's compensation practices, not only relating to executives, but with respect to the Company as a whole. The Company has a balanced compensation structure for salaried employees, composed of base pay, bonus opportunities and, in some cases, eligibility to participate in the Company's Employee Equity Incentive Plan. Employee bonus opportunities reflect a mix of performance measures that include both individual and Company goals and a mix of goals and objectives that have both short- and longer-term implications. As a result of this blended approach, the Compensation Committee does not believe that the Company's compensation programs create risks that are reasonably likely to pose a material adverse impact on the Company.

The present members of the Compensation Committee are David A. Burwick (Chair), Pearson C. Cummin III, and Jay Margolis. The Compensation Committee met five times in 2010. All members of the Compensation Committee attended and participated in each of the meetings, with the exception of one member who did not attend one meeting. Other independent Directors frequently attended meetings of the Compensation Committee, but had no vote. The Chairman and CEO attended each of the meetings, but recused themselves when the matters of their performance evaluation and compensation were discussed.

The Compensation Discussion and Analysis and the Report of the Compensation Committee are included in this Proxy Statement beginning on page 14.

## **Nominating/Governance Committee**

The Nominating/Governance Committee assists the Board by identifying individuals qualified to become Board members, recommending to the Board nominees for election as Class A Directors, and nominees for each Board committee, evaluating the Board's leadership structure, developing and recommending to the Board a set of corporate governance principles applicable to the Company, and overseeing an annual evaluation of the Board and senior

management. The Nominating/Governance Committee periodically assesses the size and composition of the Board, including the existing experience, qualifications, attributes and skills represented by the current Board members and those that could enhance the overall breadth and strength of the Board; reviews the adequacy of the Company's corporate governance guidelines and recommends any necessary changes to the full Board for approval; reviews director independence of Compensation Committee members; and reviews director independence and the

## **Table of Contents**

financial literacy and expertise of Audit Committee members. The Chairman of the Nominating/Governance Committee receives communications directed to non-management directors.

The present members of the Nominating/Corporate Governance Committee are Jean-Michel Valette (Chair), David A. Burwick and Jay Margolis. The Nominating/Corporate Governance Committee met two times in 2010.

## **Consideration of Nominees for Director**

### ***Identifying and Evaluating Nominees for the Board of Directors***

The Nominating/Governance Committee employs a variety of methods for identifying and evaluating nominees for director. The Nominating/Governance Committee assesses and reviews with the full Board at least annually the skills and characteristics that should be reflected among the members of the Board as a whole. This review includes an examination of the extent to which the requisite skills and characteristics are reflected in the then current Board members and seeks to identify any particular qualifications that should be sought for the purpose of ensuring that the attributes, qualifications, skills and experience represented on the Board correspond to those identified as important by the Nominating/Governance Committee. The Nominating/Governance Committee also takes into consideration the results of the annual self-assessments performed by the Board and each of the standing committees to identify any perceived weakness or imbalance.

While the Board does not have a formal diversity policy, the Nominating/Governance Committee's assessment takes into account issues of experience, judgment, age and diversity in aspects of business relevant to the Company's affairs, all in the context of the perceived needs of the Board at that time. For example, in 2005-2006, the Nominating/Governance Committee determined that the Board would be strengthened by adding individuals with strength and experience in marketing, retail execution and consumer insight, and, with the assistance of a professional search firm, identified two individuals who were subsequently elected to the Board, one as a Class A Director and the other as a Class B Director, both of whom are standing for re-election. In 2007, as the Company considered expanding its direct ownership and operation of breweries, the Nominating/Governance Committee, working with the Company's sole holder of the Company's Class B Common Stock who has the sole power to appoint Class B Directors, and with the assistance of a professional search firm, identified an individual with extensive experience in operations and supply chain management. This individual is now standing for re-election as a Class B Director.

Candidates may come to the attention of the Nominating/Governance Committee through a number of sources, including current Board members, professional search firms, stockholders or other persons. Candidates are evaluated at regular or special meetings of the Nominating/Governance Committee and may be considered at any point during the year. In making their evaluation, members of the Nominating/Governance Committee include a review of a candidate's directorships in other public companies, as well as any involvement in any regulatory or legal proceedings, or any sanctions or orders imposed by any self-regulatory organization.

### ***Stockholder Nominees***

The policy of the Nominating/Governance Committee is to consider properly submitted stockholder nominations for candidates for membership on the Board as described above under *Identifying and Evaluating Nominees for the Board Directors*. The same process is used for evaluating a director candidate submitted by a stockholder as is used in the case of any other potential nominee. Any stockholder nominations proposed for consideration by the Nominating/Governance Committee should include the nominee's name and qualifications for Board membership and should be addressed to:

Chair, Nominating/Governance Committee

The Boston Beer Company, Inc.  
One Design Center Place, Suite 850  
Boston, MA 02210

If the Company receives a communication from a stockholder nominating a candidate that is not submitted as described above, it will forward such communication to the Chair of the Nominating/Governance Committee.

**Table of Contents****Communications with the Board**

Stockholders and other interested parties may communicate with the Board of Directors or any individual director by submitting an email to the Company's Board at [bod@bostonbeer.com](mailto:bod@bostonbeer.com). All Directors have access to this email address. Communications that are intended specifically for non-management Directors should be sent to the email address above to the attention of the Chairman of the Nominating/Governance Committee.

**COMPENSATION OF DIRECTORS**

After a review of the compensation paid to non-management Directors, in 2010 the Board of Directors, acting on the recommendation of the Compensation Committee, adopted a new compensation schedule for non-management Directors, effective as of June 1, 2010. This change was approved by the sole holder of the Company's outstanding Class B Common Stock, who acts with sole authority on such matters. The Board of Directors anticipates reviewing the compensation paid to non-management Directors bi-annually, with the next review to be done and changes, if any, adopted in advance of the Company's 2012 Annual Meeting. A summary of the elements and changes in compensation of the non-management Directors is set forth below:

<b>Applies to</b>	<b>Payment For</b>	<b>Prior to 6/1/2010</b>	<b>In effect 6/1/2010</b>	<b>Payable(1)</b>
All Non-Management Directors	One-time Award	Option for 5,000 shares of Class A Common Stock(2)	No change	Upon first-time election to the Board
All Non-Management Directors	Annual Award	Option for 5,000 shares of Class A Common Stock(2)	No change	Upon each subsequent election to the Board
All Non-Management Directors	Annual Retainer	\$7,500	\$12,500	Upon election to the Board
Chair, Audit Committee	Annual Retainer	\$11,000	\$13,000	Upon appointment
Chair, Compensation Committee	Annual Retainer	\$2,500	\$6,000	Upon appointment
Chair, Nominating/ Governance Committee	Annual Retainer	\$2,500	\$4,500	Upon appointment
Members of Audit Committee (other than Chair)	Annual Retainer	\$9,000	\$10,000	Upon appointment to the Audit Committee
Members of Other Standing Committees (other than Chair)	Annual Retainer	\$500	\$2,000	Upon appointment to a standing committee other than the Audit Committee
All Non-Management Directors	Attendance at Regular Board Meeting in person	\$3,000	\$4,000	After attendance at the meeting
All Non-Management Directors	Attendance at	\$1,000	\$2,000	After attendance at the

Edgar Filing: BOSTON BEER CO INC - Form DEF 14A

Directors	Regular Board Meeting by telephone			meeting
All Non-Employee Directors	Attendance at Special Board Meetings by telephone		\$1,000	After attendance at the meeting
All Committee Members	Attendance at Committee Meeting in person	\$750	\$1,000	After attendance at the meeting
All Committee Members	Attendance at Committee Meeting by telephone	\$200	\$750	After attendance at the meeting

**Table of Contents**

- (1) All retainers and the annual option grant are pro-rated if the non-management Director is appointed after the annual meeting of stockholders.
- (2) All options to non-management directors are granted under the Company's Non-Employee Director Stock Option Plan, as amended and restated (the Director Option Plan). As provided in the Director Option Plan, options carry an exercise price equal to the fair market value of the underlying shares on the date of grant, are immediately fully vested and expire ten (10) years after the date of grant or three (3) years after the grantee ceases to be a director of the Company, whichever occurs sooner. The number of shares of Class A Common Stock registered under the Plan is 550,000 shares, with 172,500 remaining shares available for issuance.

**FISCAL YEAR 2010 DIRECTOR COMPENSATION**

The following table sets forth certain information concerning the compensation of all Directors who are not named executive officers of the Company for the Company's fiscal year ended December 25, 2010:

Name	Fees Earned or Paid in Cash(\$)	Option Awards\$(1)(2)	All Other Compensation(\$)	Total(\$)
David A. Burwick	\$ 30,750	\$ 130,855	\$ 0	\$ 161,605
Pearson C. Cummin, III	\$ 40,200	\$ 130,855	\$ 0	\$ 171,055
Charles J. Koch	\$ 14,500	\$ 130,855	\$ 4,030(3)	\$ 149,385
Jay Margolis	\$ 23,750	\$ 130,855	\$ 0	\$ 154,605
Gregg A. Tanner	\$ 34,200	\$ 130,855	\$ 0	\$ 165,055
Jean-Michel Valette	\$ 38,450	\$ 130,855	\$ 0	\$ 169,305

- (1) Reflects the dollar amount of the aggregate grant date fair value of awards granted during the fiscal year ended December 25, 2010 as computed in accordance with Accounting Standards Codification 718, *Compensation-Stock Compensation* (ASC 718). The methods and assumptions used in valuing the stock option awards in accordance with ASC 718 are described in Notes B and M to the Company's audited financial statements for the fiscal year ended December 25, 2010 included in the Company's Annual Report on Form 10-K filed with the SEC on March 8, 2011.
- (2) On May 26, 2010, each Director was granted an option under the Director Option Plan to purchase 5,000 shares of the Company's Class A Common Stock at an exercise price of \$61.855, the average of the high and low price of such stock on the date of grant. All options are fully vested as of the date of grant. As of December 25, 2010, the aggregate number of stock options held by directors who are not named executive officers is shown below:

Name	Number of Options
David A. Burwick	36,000
Pearson C. Cummin, III	30,000
Charles J. Koch	50,000
Jay Margolis	26,000

Gregg A. Tanner	23,000
Jean-Michel Valette	45,000

- (3) Represents reimbursement of certain administrative fees incurred as a result of a tax-related reporting error by the Company.

**Table of Contents**

**EXECUTIVE OFFICERS**

Information with respect to executive officers of the Company is set forth below. The executive officers of the Company are elected annually by the Board of Directors and hold office until their successors are elected and qualified, or until their earlier removal or resignation.

C. James Koch, 61, currently serves as Chairman of the Company. Mr. Koch founded the Company in 1984 and was the Chief Executive Officer from that time until January 2001.

Martin F. Roper, 48, was appointed Chief Executive Officer of the Company in January 2001, and has been President of the Company since December 1999, after having served as its Chief Operating Officer since April 1997. He joined the Company as Vice President of Manufacturing and Business Development in September 1994.

William F. Urich, 54, was appointed Chief Financial Officer and Treasurer of the Company in September 2003. Prior to joining the Company, Mr. Urich had been the Chief Financial Officer of Acirca, Inc., a producer of organic foods and beverages, from 2001 to 2003. From 1998 to 2000, Mr. Urich served as Vice President Finance and Business Development for United Distillers & Vintners, a subsidiary of Diageo, PLC, and from 1995 to 1998 as its Vice President Finance and Treasurer.

John C. Geist, 49, was appointed Vice President of Sales of the Company in February 2007, after serving as National Sales Manager of the Company since December 1998. Mr. Geist came to the Company in 1997 from a large alcohol beverage distributor where he had been a sales manager.

David A. Grinnell, 52, was appointed Vice President of Brewing of the Company effective January 2008, after serving as Director of Quality and Brewing of the Company since 2001. Mr. Grinnell came to the Company in 1988 from New Amsterdam Brewing Company, where he was a founding member.

Thomas W. Lance, 56, joined the Company as Vice President of Operations in January 2007. Prior to joining the Company, Mr. Lance had served as Executive Vice President of Ken's Foods, Inc., a food product manufacturer located in Marlborough, MA, from January 2001 to January 2007. Prior to joining Ken's Foods, Mr. Lance held a number of positions in operations with Bausch and Lomb, a manufacturer of vision care products located in Rochester, NY.

Robert P. Pagano, 60, who joined the Company in February 2011, serves the Company as Vice President of Brand Development. Prior to his appointment, Mr. Pagano had served as Managing Director of the brand strategy firm, Red Sky Insights, LLC, located in Sudbury, Massachusetts since 2006, after having served as a partner of Monitor Group, a consulting company located in Cambridge, Massachusetts for six years. In 1986, Mr. Pagano was co-founder of the advertising firm, Pagano Schenck & Kay, Inc., located in Boston, Massachusetts, which joined forces in 1997 with Mullen Advertising located in Wenham, Massachusetts, where he served as Senior Vice President and Group Account Director until 1999.

**COMPENSATION DISCUSSION AND ANALYSIS**

**Compensation Philosophy and Practice**

The Company operates in the highly competitive alcoholic beverages industry. The key objectives of the Company's executive compensation programs are to attract, motivate and retain executives who drive the Company's success. The Company achieves these objectives through a compensation philosophy that provides employees with a distinctive

overall compensation package under which strong performers have the opportunity to earn competitive compensation over the long term through a combination of base salary, cash incentives and equity awards. These programs are designed to:

provide executives with competitive cash and stock compensation with a significant portion of total compensation contingent on individual and Company performance, as well as the creation of stockholder value;

provide higher compensation to high-value contributors and high performers in the most critical areas of the Company's business; and

## **Table of Contents**

encourage executives to act as owners with an equity stake in the Company, while reducing risk from its compensation practices that would be reasonably likely to have a material adverse effect on the Company by basing variable compensation on a range of performance criteria that have a mix of short-term and long-term implications.

In keeping with these objectives, the Company's executive compensation program is structured with three basic elements:

*Base Salary.* Base salaries are designed to provide a fixed level of competitive income that reflects the individual's level and scope of responsibility and level of performance.

*Cash Incentive Bonus.* Cash incentive bonuses are designed to motivate, focus and reward achievements based on specific individual and Company performance goals established annually by the Compensation Committee.

*Equity Incentive Awards.* Equity incentive awards are designed to provide an incentive for delivering long-term stockholder value, to align interests of the Company's executive officers with the interests of the Company's stockholders, and to retain executives. Equity incentive awards are primarily through stock option grants that typically vest over a 5-year period and have a term of 10 years. In addition, some executives receive restricted stock awards that typically vest over a 5-year period. Further, all employees who have been employed by the Company for at least one year, other than the Chairman and the Chief Executive Officer (CEO), are eligible to participate in the Company's Investment Share program.

### **Role of the Compensation Committee**

The Compensation Committee has overall responsibility for evaluating and approving compensation programs and policies of the Company relating to officers and directors, as well as the Company's Employee Equity Incentive Plan that applies to all employees of the Company. This includes reviewing the competitiveness of executive compensation programs, evaluating the performance of the Company's executive officers and approving their annual compensation and equity awards. The Compensation Committee reviews and approves corporate goals and objectives relevant to the compensation of the Chairman, if a member of management, the CEO and other senior executive officers of the Company; evaluates their performance in light of those goals and objectives; and sets the compensation level of the Chairman, the CEO and senior executive officers based on this evaluation.

In discharging its responsibilities, the Compensation Committee endeavors to develop compensation structures for individual officers that reflect the responsibilities of their respective positions and are appropriate in light of market compensation levels for executives with comparable responsibilities, reflect past achievements with the Company and the compensation awarded to them in the past, and provide financial incentives for superior performance in meeting the challenges facing the Company.

### **Components of Executive Compensation and Determination of Compensation Mix**

Total potential compensation of the Company's executives is substantially weighted towards performance-based compensation. Salary generally constitutes approximately 40% to 70% of the total compensation of the Company's executive officers (excluding the CEO and the Chairman), with the remainder being bonuses and equity compensation, both of which are primarily performance-based. For executives and other senior managers of the Company, the proportion of compensation provided by equity and the proportion of variable, performance-based compensation increases with the level of responsibility and ability to have an impact on the value of the Company's business.

**Base Salary**

Base salaries are determined based on a variety of factors, including the executive's scope of responsibilities and tenure and a comparison of salaries paid to peers within the Company and to those with similar roles at other companies. Base salaries are set at levels that allow the Company to attract and retain superior managers and that will enable the Company to deliver on its business goals. Base salaries are reviewed annually and may be adjusted after considering the above factors.

## **Table of Contents**

The CEO makes recommendations to the Compensation Committee for base salaries of each executive officer, excluding the Chairman and the CEO, and the Chairman makes the recommendation to the Compensation Committee for the base salary of the CEO. When setting the base salaries of these executive officers, the Compensation Committee, while considering the recommendations of the CEO and the Chairman, makes the final determination based on the factors listed above and its assessment of each executive officer's performance during the previous year.

## **Cash Incentive Bonus**

Executives have the opportunity to earn a cash incentive bonus tied to a percentage of their respective base salaries. Criteria for these cash incentive bonuses include a combination of qualitative and quantitative performance goals established each year for each executive. These goals vary for each executive based on his or her responsibilities and role within the Company and may include financial or strategic measures, including, among others, sales, profitability, brand health, quality, cost reductions, customer satisfaction and other strategic initiatives. The goals are intended to require performance that, if achieved, will result in matching or exceeding the Company's business and financial plans for the fiscal year in question. Individual bonus awards reflect the individual's achievement of his or her performance goals for the year, as well as the overall performance of the Company.

The CEO makes recommendations to the Compensation Committee for the Company-wide performance goals, the bonus opportunities tied to these goals and the weighting of these goals for each executive officer, including those of the CEO and Chairman. The CEO also provides the Compensation Committee with his assessment of the performance of each executive against his or her bonus goals and proposed bonus payout. When determining the bonus structure and goals and the bonus payout for executive officers, the Compensation Committee, while considering the recommendations of the CEO, makes the final determination based on the factors listed above, each executive officer's performance and that of the department that he or she led during the year relative to the performance-based goals. The determination of the bonus earned is generally made within the first three months after the end of the fiscal year, allowing sufficient time to assess the achievement of the bonus goals. On occasion, additional bonuses in excess of those otherwise payable under the bonus structure and goals have been given by the Compensation Committee in recognition of exceptional performance by certain executive officers.

## **Equity Incentive Awards and Investment Share Program**

*Discretionary Stock Options.* Under the Company's Employee Equity Incentive Plan (the "EEIP"), employees are eligible to receive stock option grants. While generally granted on an annual basis, all option grants are discretionary and may be granted by the Board, upon the recommendation of the Compensation Committee, at any time. Although infrequent, under certain circumstances, such as the hiring of a new executive officer, as a part of a performance review, a promotion or making a mid-year compensation adjustment, options may be granted at other times during the year. Such options may have vesting and performance criteria that differ from the annual grants.

Most of the options granted by the Company vest over a 5-year period, at the rate of 20% each year, conditioned on continued employment with the Company, and have a term of 10 years. In recent years, options have been granted only to executive officers and certain senior managers of the Company and, in most cases, vesting has also been contingent on the Company achieving certain performance criteria in the fiscal year immediately following the date of grant. By way of illustration, the number of shares, if any, as to which a performance-based option may subsequently become exercisable as a result of the tenure-based conditions is dependent upon the Company's performance measured against a benchmark determined by the Company's Board of Directors. The performance-based options frequently have two tiers of criteria and provide that, in the event the criteria in either tier or both tiers are not met, the option lapses as to 50% or all of the shares that would have vested had the performance criteria been satisfied. The Compensation Committee believes that stock options are an effective way to reward executives and senior managers and align their interests with the interests of the Company's stockholders, as they provide significant equity

compensation only if the value of shares of stock in the Company increases. In addition, through the use of performance-based vesting, the Committee endeavors to assure that receipt of significant equity-based compensation requires that the Company's performance exceeds appropriate benchmarks.

**Table of Contents**

Through the use of five-year vesting, the Committee endeavors to create an incentive for retention of the executives and to align their rewards with the interests of stockholders.

In October of each year, the CEO makes preliminary recommendations to the Compensation Committee for stock option grants to executive officers and senior managers, taking into account his assessment of each executive's expected future contributions to the Company, as well as past performance. The CEO also makes recommendations as to the performance criteria to be met for such options to vest. In December, the CEO makes his final recommendations and the Compensation Committee makes its recommendation to the Board of Directors, which may or may not vary from that of the CEO. The full Board of Directors then makes the final determination with respect to all discretionary stock option grants. When determining the number of shares to be subject to a stock option grant and the vesting criteria for executive officers, the Compensation Committee, while considering the recommendations of the CEO, makes its determination based on the various factors mentioned above. Generally, all grants are effective January 1 of the following year and are priced at fair market value as of January 1, although on occasion options are granted at other times of the year and vesting is contingent on other specific targets relative to the executive officer's or manager's areas of responsibility within the Company. Performance-based contingent-vesting options for a total of 65,100 shares were granted in 2010 to most of the Company's executive officers and certain of its senior managers.

*Restricted Stock Awards.* As with discretionary options, restricted stock awards are generally granted on an annual basis on January 1. The first such awards were made on January 1, 2006. These shares of restricted stock vest over a 5-year period, at the rate of 20% per year. Vesting is generally tied only to continued employment and not to any performance criteria. Restricted stock awards are generally granted to senior managers and key employees of the Company. Restricted stock has value even if the share price decreases after the date of the award, and, therefore, is a more effective retention tool for these employees. The Company generally does not grant restricted stock awards to its most senior executives (approximately six individuals, including each of the named executive officers), as the Company currently believes that their equity compensation should be more closely tied to the future performance of the Company through stock options as described above and should not have value if the share price decreases.

As with options, initially in October and then in December, the CEO makes recommendations to the Compensation Committee for restricted stock awards to senior managers and key employees, along with his assessment of each employee's past performance and expected future contributions to the Company. When determining the number of shares to be subject to a restricted stock award, the Compensation Committee, while taking into consideration the recommendations of the CEO, makes its own determination based on the various factors mentioned above. The Compensation Committee then makes its recommendation to the Board of Directors and the Board of Directors makes the final determination of all restricted stock awards. As with stock options, restricted stock awards generally are effective January 1 of the following year and are valued at fair market value as of January 1. In 2010, awards of an aggregate of 33,617 shares of restricted stock were made to senior managers and key employees of the Company.

*Investment Shares.* Also under the EEIP, employees who have been employed by the Company for at least one year may purchase such number of shares of the Company's Class A Common Stock (Investment Shares) as have a value, as determined pursuant to the EEIP, no greater than 10% of their annual base salary and bonus received in the immediately preceding year, up to a maximum investment of \$17,500. After two full years of service, Investment Shares may be purchased at a discount. The amount of the discount is tied to years of service and the maximum discount is 40% after four full years of service. Eligible employees have the opportunity to purchase Investment Shares in January each year, with the purchase price based on the fair market value of the shares at January 1. Investment Shares vest at the rate of 20% per year over the 5-year period commencing on the effective date of purchase, contingent solely on continued employment with the Company. The Chairman and the CEO of the Company have been precluded from participation in the Investment Share program since 2006. Other executive officers continue to be able to participate in the program. In 2010, employees purchased a total of 20,392 shares under the Investment Share program.



## **Table of Contents**

### ***Executive Benefits***

In 2010, the Company's executives were eligible for the same level and offering of benefits, including the Company's 401(k) plan and welfare benefit programs, as were made available to other employees. The Company provides no additional benefits to its executives.

### **How Executive Pay Levels are Determined**

The Compensation Committee considers a number of factors in determining executive compensation, including, but not limited to, individual performance, responsibility level and role within the Company, tenure and a comparison of salaries paid to peers within the Company and to those with similar roles at other companies. The Compensation Committee has the authority to select, retain and compensate executive compensation consultants and other experts as it determines necessary to carry out its responsibilities. As one element in its assessment of the competitiveness of executive compensation packages established for fiscal year 2010, the Compensation Committee applied knowledge gained through a competitive compensation study commissioned in 2007 from a nationally-recognized executive compensation consulting firm.

The Compensation Committee uses tally sheets that ascribe dollar amounts to the components of executive officer compensation, including salary, bonus and equity compensation. It also tabulates gains made by the executive officers through the exercise of options, unrealized gains in vested options and potential gains from unvested options at current market prices.

Each year, the Compensation Committee, taking into consideration the recommendations of the CEO and the Chairman, determines the appropriate level of equity compensation for each executive and senior manager. The Company emphasizes differentiation in executive compensation, with greatest emphasis on performers and individuals who impact significantly, or who have the potential to impact significantly, the Company's business.

Based upon an overall review of equity compensation in the prior year and a prior survey of executive officers and senior managers regarding their preference in type of equity compensation, the Company's compensation and retention strategy in 2010 included the use of stock options and restricted stock awards, as well as the continued availability of Investment Shares for purchase by all eligible employees (except the CEO and Chairman). The level of usage of discretionary options and restricted stock awards was determined based on factors such as individual performance and contribution to the Company's performance, the desired mix of cash and equity pay for different individuals, and, to a limited extent, the compensation levels at comparable companies identified in the 2007 survey relative to the Company's target compensation levels.

In 2010, of the total compensation paid to the Company's current named executive officers other than the CEO and Chairman, salary constituted 38% to 70%, bonuses (based on 2010 performance) constituted 16% to 30%, and equity compensation, all of which was in the form of performance-based stock options, constituted 0% to 46%.

During fiscal year 2010, the Compensation Committee re-engaged the nationally-recognized executive compensation consulting firm that had conducted the 2007 study, to provide it with updated market information regarding competitive executive compensation programs for use in its discussions regarding 2011 executive compensation determinations. The competitive assessment prepared by the consulting firm provided the Compensation Committee context for its evaluation of the over-all competitiveness of the Company's executive compensation programs and was used as one source of market information in its determinations of executive salary, bonus and equity incentive award opportunities for fiscal year 2011.

### **Executive Compensation Recovery Policy**

The Compensation Committee has adopted an executive compensation recovery policy which applies to executive officers and the corporate controller. Under this policy, the Company may recover incentive income that was based on achievement of quantitative performance targets, if an executive officer engaged in intentional misconduct that resulted in an increase in his or her incentive income. Incentive income includes income related to annual bonuses, discretionary options and restricted stock awards.

**Table of Contents****Fiscal Year 2010 Compensation of the Chief Executive Officer**

The Compensation Committee reviews and approves the compensation paid to the Company's CEO, Martin F. Roper. For fiscal year 2010, the Compensation Committee approved a 3% increase to Mr. Roper's 2009 base salary, increasing his base salary by \$20,000 to \$686,750.

In December 2009, the Compensation Committee established Mr. Roper's 2010 bonus opportunity at 80% of his 2010 salary, with an incremental opportunity equal to 64% of his 2010 salary tied to achieving certain goals that would require substantial out-performance of the Company's financial plan for the year. Specific 2010 quantitative and qualitative performance goals and the weightings established by the Compensation Committee to measure and reward Mr. Roper's performance in 2010, including stretch goals, and the performance achieved relative to these goals, were as follows:

<b><u>2010 Base Bonus Goals for CEO:</u></b>			<b>% of Base Bonus Opportunity Awarded</b>
<b>Fiscal 2010 Base Bonus Performance Goal</b>	<b>Weighting</b>	<b>2010 Performance</b>	
Weighted combined depletions and pricing growth of at least 7% with a minimum 2010 EPS greater than \$2.48	10%	Achieved weighted combined depletions and pricing growth of 11.5% and EPS of \$3.52	10.0%
Weighted combined depletions and pricing growth of at least 4% better than craft volume growth with a 2010 EPS greater than \$2.48	20%	*	*
Delivered gross profit of at least \$206 million and gross profit margin of at least 48%	10%	Achieved delivered gross profit of \$232.3 million and gross profit margin of 50.1%	10.0%
Implementation of resource efficiency programs to improve gross profit margin realization in 2010 and beyond	10%	Implemented resource efficiency programs to improve gross profit margin realization	10.0%
Systematic improvement in internal processes, procedures and capabilities	5%	Achieved expectations for systematic improvements in internal processes, procedures and capabilities	5.0%
Reductions in the cost of goods and freight of at least \$10 million by the Brewing and Operations departments and by other departments by at least \$4 million	30%	Achieved cost reductions in excess of specified target amounts	30.0%
Improve brand management capabilities, including significant improvements of advertising campaigns and new metrics to measure effectiveness of the campaigns	15%	Partially achieved expectations for improvements in brand management capabilities	7.5%
<b>Total</b>	<b>100%</b>		<b>72.5%**</b>

\* The Compensation Committee was not able to determine whether this goal had been attained due to insufficient information. When the information needed to measure performance with respect to this goal becomes available for the Committee's review, the bonus award may be increased by the Committee.

\*\* Without taking into consideration the possible achievement of the goal for which determination has not yet been possible.

Table of Contents2010 Stretch Bonus Goals for CEO:

<b>Fiscal 2010 Stretch Bonus Performance Goal</b>	<b>Weighting</b>	<b>2010 Performance</b>	<b>% of Stretch Bonus Awarded</b>
Weighted combined depletions and pricing growth of at least 6% better than the craft category	25.0%	Target not achieved	0%
Weighted combined depletions and pricing growth of at least 9% better than the craft category	37.5%	Target not achieved	0%
Processing costs of under \$2.00 per case equivalent for owned breweries, holding energy costs at planned levels	37.5%	Target not achieved	0%
<b>Total</b>	<b>100%</b>		<b>0%</b>

In February 2011, the Compensation Committee reviewed Mr. Roper's achievements against his 2010 bonus opportunities, as detailed above. Accordingly, at that time they determined that he satisfied 72.5% of his base bonus goals, but did not achieve his stretch bonus goals, and approved a bonus of \$398,315 for his 2010 performance, equivalent to 58% of his 2010 base salary. As noted above, the Compensation Committee was not able to determine whether one goal had been attained due to insufficient information. When the information needed to measure performance with respect to that goal becomes available for the Committee's review, the bonus award may be increased by the Committee. Should that goal be achieved, then Mr. Roper would have satisfied 92.5% of his base bonus goals, which would increase his bonus to \$508,195, equivalent to 74% of his 2010 base salary.

In December 2007, the Compensation Committee and the Board of Directors approved a long-term variable price option grant to Mr. Roper for 753,864 shares of the Company's Class A Common Stock effective January 1, 2008. This option, part of a long-term compensation strategy to provide the CEO with compensation comparable to that which he could receive elsewhere, had a value of approximately \$6.34 million at the date of grant. Since the exercise price of the option is indexed to the broader market, subject to a cap, and will have value only to the extent that the market price of the Company's Class A Common Stock exceeds the index, the Compensation Committee believes that this will provide Mr. Roper with significant incentive to cause the Company to out-perform other companies over the long term and provide him with a corresponding opportunity to benefit from long-term out-performance of the Company's stock price. The option vests 20% on January 1 in each of the years 2014 through 2018, contingent on Mr. Roper's continued employment with the Company. The option provides for certain acceleration of vesting in the event of a change of control of the Company's Class B Common Stock and Mr. Roper has the right to participate in a transaction giving rise to such a change in control, to the extent that the option then becomes exercisable.

Taking into account information from a number of sources, including in part the competitive assessment prepared by the compensation consultants referred to above, the Compensation Committee believes that Mr. Roper's compensation is appropriate based on his responsibilities, performance level and contribution to the Company, and that it is structured in a way that provides Mr. Roper with appropriate incentives and rewards for superior performance and, with its long-term focus, does not reward decisions that might entail imprudent levels of risk.

The Summary Compensation Table included in this Proxy Statement sets forth all compensation received by Mr. Roper during fiscal year 2010. There is no Company-sponsored retirement program for Mr. Roper other than the Company's 401(k) plan, and he receives no benefits or perquisites from the Company other than the general Company benefits described above. Mr. Roper does not have a change of control arrangement, other than an acceleration of the

vesting of the options granted under the EEIP nor does he have a severance arrangement with the Company.

***Compensation of Chairman***

The Compensation Committee also reviews and approves the compensation paid to C. James Koch, the Chairman and a full-time employee of the Company. The Compensation Committee increased Mr. Koch's base salary for 2010 by 37%, or \$102,000, to \$375,000. The increase in Mr. Koch's base salary was based on the

**Table of Contents**

Compensation Committee's assessment of his responsibilities, performance level and contribution to the Company, and reflects a salary level that the Compensation Committee considered to be more appropriate based on these considerations.

The Compensation Committee established Mr. Koch's 2010 bonus opportunity at 100% of his 2010 salary. Specific 2010 quantitative and qualitative performance goals and the weightings established by the Compensation Committee to measure and reward Mr. Koch's performance in 2010, and the performance achieved relative to these goals, were as follows:

**2010 Bonus Goals for Chairman:**

<b>Fiscal 2010 Bonus Performance Goal</b>	<b>Weighting</b>	<b>2010 Performance</b>	<b>% of Bonus Awarded</b>
Weighted combined depletions and pricing growth of at least 7% with a minimum 2010 EPS greater than \$2.48	10%	Achieved weighted combined depletions and pricing growth of 11.5% and EPS of \$3.52	10.0%
Weighted combined depletions and pricing growth of at least 4% better than craft volume growth with a 2010 EPS greater than \$2.48	30%	*	*
Delivered gross profit of at least \$206 million and gross profit margin of at least 48%	20%	Achieved delivered gross profit of \$232.3 million and gross profit margin of 50.1%	20.0%
Implementation of resource efficiency programs to improve gross profit margin realization in 2010 and beyond	20%	Met expectations for implementing resource efficiency programs	20.0%
Improve time and resources in support of craft beer industry initiatives	20%	Achieved expectations for improvements in support of industry initiatives	20.0%
<b>Total</b>	<b>100%</b>		<b>70%**</b>

\* The Compensation Committee was not able to determine whether this goal had been attained due to insufficient information. When the information needed to measure performance with respect to this goal becomes available for the Committee's review, the bonus award may be increased by the Committee.

\*\* Without taking into consideration the possible achievement of the goal for which determination has not yet been possible.

In February 2011, the Compensation Committee reviewed Mr. Koch's achievements against his 2010 cash incentive bonus opportunities, as detailed above. Accordingly, at that time, they determined that he satisfied 70% of his performance goals, and approved a bonus of \$262,500 for his 2010 performance, equivalent to 70% of his 2010 base salary. As noted above, the Compensation Committee was not able to determine whether one goal had been attained due to insufficient information. When the information needed to measure performance with respect to that goal becomes available for the Committee's review, the bonus award may be increased by the Committee. Should that goal

be achieved, then Mr. Koch would have satisfied 100% of his base bonus goals, which would increase his bonus to \$375,000, equivalent to 100% of this 2010 base salary.

Mr. Koch was granted an option effective January 1, 2010 for 9,500 shares of the Company's Class A Common Stock, with vesting contingent on the Company's depletion growth. In February 2011, the Compensation Committee determined that the performance criteria for that option had been met and, hence, the shares will vest in accordance with the option agreement.

The Summary Compensation Table included in this Proxy Statement sets forth all compensation received by Mr. Koch during fiscal year 2010. There is no Company-sponsored retirement program for Mr. Koch other than the Company's 401(k) plan, and he receives no benefits or perquisites from the Company other than the general

**Table of Contents**

Company benefits described above. Mr. Koch does not have a change of control arrangement other than an acceleration of the vesting of options granted under the EEIP nor does he have a severance arrangement with the Company.

***Compensation of Executive Officers Other than the CEO and Chairman***

The Company's named executive officers for fiscal 2010, in addition to the CEO and Chairman, are:

William F. Urich, Treasurer & Chief Financial Officer

Thomas W. Lance, Vice President of Operations

John C. Geist, Vice President of Sales

The following table shows the 2010 base salary, and the corresponding percentage increase above the 2009 base salary level, of each of the named executive officers.

<b>Named Executive Officer</b>	<b>Fiscal 2010 Base Salary</b>	<b>% Increase to Fiscal 2009 Base Salary</b>
William F. Urich	\$ 372,000	2.8%
Thomas W. Lance	\$ 329,000	2.8%
John C. Geist	\$ 315,000	5.0%

The Compensation Committee considered recommendations made by the CEO for 2010 salary adjustments for these named executive officers and concluded that the recommended base salary for each of the executive officers, as adjusted, was within the appropriate range for his experience and job responsibilities.

For fiscal 2010, the overall cash incentive bonus potential for the named executive officers other than the CEO and the Chairman was 50% of their respective base salaries, with between 20% and 30% of the bonus potential based on the achievement of Company-wide goals and between 70% and 80% based on the achievement of goals specifically set for each officer. The shared 2010 Company-wide goals consisted of achieving depletions growth by at least 4%, \$14 million in resource efficiencies, including \$10 million in delivered gross margin savings and \$4 million in other efficiencies, and maintaining brand health.

In February 2011, the Compensation Committee reviewed performance and determined that the shared Company-wide goals had been achieved based on actual depletions growth of 11.5%, over \$15 million of savings in delivered gross margin and other spending, and successfully maintaining brand health as demonstrated by the depletions accomplishment. The Compensation Committee also reviewed the 2010 performance of the named executive officers against their individual bonus goals, and approved bonus payments, as described below.

**Table of Contents**

Specific fiscal 2010 quantitative and qualitative performance goals, the weightings established by the Compensation Committee to measure and reward the performance of each named executive officer in 2010 and the performance achieved relative to these goals were as follows:

**2010 Bonus Goals for Chief Financial Officer:**

<b>Fiscal 2010 Bonus Performance Goal</b>	<b>Weighting</b>	<b>2010 Performance</b>	<b>% of Bonus Awarded</b>
Shared Company-Wide Goals	30%	All goals achieved	30%
<b><u>Individual Goals:</u></b>			
Deliver at least \$4 million in resource efficiencies outside of delivered gross margin; support efforts to achieve delivered gross margin goal of \$10 million in savings; develop performance improvement measurements, KPI s and financial reporting	35%	Expectations achieved	35%
Through effective use of procurement department, deliver at least \$1.5 million in reduced costs outside of delivered gross margin and identify at least \$3.25 million in delivered gross margin savings	15%	Achieved \$2.4 million of cost savings and identified over \$4.0 million in delivered gross margin savings	15%
Support sales force through identifying unplanned pricing opportunities, develop program to track wholesaler and retailer margins; implement process to evaluate wholesaler incentives and management of local marketing resources	10%	Achieved expectations for pricing opportunities and margin tracking; Tracking wholesaler incentives not achieved	5%
Improve IT operational efficiency	10%	Achieved expectations	10%
<b>Total</b>	<b>100%</b>		<b>95%</b>

**2010 Bonus Goals for Vice President of Operations:**

<b>Fiscal 2010 Bonus Performance Goal</b>	<b>Weighting</b>	<b>2010 Performance</b>	<b>% of Bonus Awarded</b>
Shared Company-Wide Goals	20%	All goals achieved	20%
<b><u>Individual Goals:</u></b>			
Reduce total incident rate by 5%	10%	Expectations not achieved	0%
Improve total quality aggregate score by 5%	10%	Target not fully achieved	9%
Develop and implement inventory improvements	10%	Target achieved	10%
Deliver at least \$10 million in delivered gross margin savings	20%	Delivered \$10.5 million in delivered gross margin savings	20%
Develop leadership and implement performance improvements in the breweries	15%	Target achieved	15%
Restructure Cincinnati Brewery to improvement alignment of volume needs with cost structure	5%	Expectations partially achieved	4%
	10%		8%

Develop and implement employee relations strategy at  
the Pennsylvania Brewery

Significant progress, but  
goal was not fully  
achieved

**Total**

**100%**

**86%**

23

---

**Table of Contents****2010 Bonus Goals for Vice President of Sales:**

<b>Fiscal 2010 Bonus Performance Goal</b>	<b>Weighting</b>	<b>2010 Performance</b>	<b>% of Bonus Awarded</b>
Shared Company-Wide Goals	30%	All goals achieved	30%
<b><u>Individual Goals:</u></b>			
Achieve specific depletions targets for all Samuel Adams beers, Samuel Adams Boston Lager and Twisted Tea	20%	Performance exceeded all targets	20%
Grow Samuel Adams share of craft category measured by IRI data	5%	Expectations not achieved	0%
Achieve specific growth targets for convenience stores and on-premise national accounts	10%	Performance exceeded both targets	10%
Develop leadership in the off-premise craft category with execution in at least 10 chain stores	5%	Expectations not fully achieved	2%
Implement Sam to Standard program with all core wholesalers, tracking market improvements	4%	Target achieved	4%
Implement display tracking for key holidays with all core wholesalers, tracking market improvements	4%	Target achieved	4%
Improve conversion rate for seasonal beers on draft	4%	Target achieved	4%
Collect draft surveys in 90% of core wholesalers with a list of targeted accounts.	4%	Expectations partially achieved	2%
Achieve net mixed price increases by 1.5%, with an additional \$500,000 in unplanned pricing increases	7%	Expectations partially achieved	5%
Stay within local marketing and expense budgets allocated to sales	7%	Expectations not achieved	0%
<b>Total</b>	<b>100%</b>		<b>81%</b>

Mr. Urich and Mr. Geist were each granted an option effective January 1, 2010 for 19,000 shares of the Company's Class A Common Stock, with vesting contingent on the Company's depletions growth. In February 2011, the Compensation Committee determined that the performance criteria for those options had been met and, hence, the shares will vest in accordance with the respective option agreements.

***Tax Limitation***

Section 162(m) of the U.S. Internal Revenue Code limits the tax deductibility by a corporation of compensation in excess of \$1,000,000 paid to the Chief Executive Officer and any other of its named executive officers. However, compensation which qualifies as performance-based is excluded from the \$1,000,000 limit if, among other requirements, the compensation is payable only upon attainment of pre-established, objective performance goals under a plan approved by stockholders. Mr. Roper's bonuses and stock option grants have been approved by the sole holder of the Company's Class B Common Stock, who acts with sole authority on such matters, in accordance with the requirements of Section 162(m).

**Table of Contents**

The Compensation Committee does not presently expect that total cash compensation to any individual executive that is not performance-based will exceed \$1,000,000. The Compensation Committee will continue to monitor the compensation levels potentially payable under the Company's compensation programs, but intends to retain the flexibility necessary to provide total compensation in line with competitive practice, the Company's compensation philosophy and the Company's best interests. The Company has not adopted a policy that all executive compensation be fully deductible.

**REPORT OF THE COMPENSATION COMMITTEE<sup>1</sup>**

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K, promulgated under the Securities Act of 1933, as amended. Based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K and the Company's Proxy Statement on Schedule 14A.

The Compensation Committee:  
David A. Burwick, Chair  
Pearson C. Cummin, III  
Jay Margolis

- (1) The material in this report is not soliciting material, is not deemed filed with the SEC and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

**EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table summarizes the compensation of the named executive officers for the Company's fiscal years ended December 25, 2010, December 26, 2009 and December 27, 2008. The Company's named executive officers are the Chief Executive Officer, the Chief Financial Officer, and the next three most highly compensated executive officers.

Name and Principal Position	Year	Salary \$(1)	Option Awards \$(2)	Non-Equity Incentive Plan Compensation	All Other Compensation \$(3)	Total (\$)
				\$(1)		
<b>Martin F. Roper</b> President & Chief Executive Officer	2010	\$ 686,750		\$ 398,315(4)	\$ 9,173	\$ 1,094,238(4)
	2009	\$ 666,750		\$ 373,380	\$ 9,173	\$ 1,049,303
	2008	\$ 666,750	\$ 6,341,503	\$ 399,977	\$ 7,688	\$ 7,415,918
<b>William F. Urich</b> Treasurer & Chief Financial Officer	2010	\$ 372,000	\$ 380,445(5)	\$ 176,700	\$ 9,173	\$ 938,318
	2009	\$ 362,000	\$ 265,275(6)	\$ 130,320	\$ 9,173	\$ 766,768
	2008	\$ 352,000	\$ 330,305(6)	\$ 144,320	\$ 7,688	\$ 834,313

Edgar Filing: BOSTON BEER CO INC - Form DEF 14A

<b>C. James Koch</b>	2010	\$ 375,000	\$ 190,222(5)	\$ 262,500(4)	\$ 9,173	\$ 836,895(4)
Chairman	2009	\$ 273,000	\$ 127,332(6)	\$ 136,500	\$ 9,173	\$ 546,005
	2008	\$ 273,000	\$ 172,333(6)	\$ 136,475	\$ 7,688	\$ 589,496
<b>Thomas W. Lance</b>	2010	\$ 329,000		\$ 141,684	\$ 9,173	\$ 479,857
Vice President of	2009	\$ 320,000	\$ 425,790(5)	\$ 103,680	\$ 9,173	\$ 858,643
Operations	2008	\$ 312,000		\$ 129,948	\$ 7,688	\$ 449,636
<b>John C. Geist</b>	2010	\$ 315,000	\$ 380,445(5)	\$ 127,575	\$ 9,173	\$ 832,193
Vice President of	2009	\$ 300,000	\$ 265,275(6)	\$ 73,500	\$ 9,173	\$ 647,948
Sales	2008	\$ 290,000	\$ 330,305(6)	\$ 120,350	\$ 7,688	\$ 748,343

**Table of Contents**

- (1) Included in this column are amounts earned, though not necessarily received, during the corresponding fiscal year.
- (2) Reflects the dollar amount of the aggregate grant date fair value of awards granted during each fiscal year as computed in accordance with Accounting Standards Codification 718, *Compensation-Stock Compensation* ( ASC 718 ). The methods and assumptions used in valuing the stock option awards in accordance with ASC 718 are described in Notes B and M to the Company s audited financial statements for the fiscal year ended December 25, 2010 included in the Company s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 8, 2011.
- (3) Includes annual group life insurance premium and Company matching contributions under the Company s 401(k) plan paid in the respective year.
- (4) At its February 2011 meeting, the Compensation Committee was not able to determine whether one goal had been attained due to insufficient information. When the information needed to measure performance with respect to that goal becomes available for the Committee s review, the bonus award may be increased by the Committee. The information shown above reflects the non-equity incentive payment for 2010 as of the date of this Proxy Statement.
- (5) Grant contains performance-based vesting conditions; as such, the value reported above reflects the value of the award at the grant date and is consistent with the estimate of aggregate compensation cost to be recognized over the service period determined as of the grant date under ASC 718, excluding the effect of estimated forfeitures. In 2010, the Company concluded that it was probable that the performance criteria would be met and recorded the related compensation expense. In February 2011, the Compensation Committee determined that the maximum performance criteria had been achieved and the shares eligible to vest under the options would vest commencing in March 2011 as to 100% of the shares.
- (6) Grant contains performance-based vesting conditions; as such, the value reported above reflects the value of the award at the grant date and is consistent with the estimate of aggregate compensation cost to be recognized over the service period determined as of the grant date under ASC 718, excluding the effect of estimated forfeitures. Such value has not been recognized for financial statement purposes, as the performance conditions were not met.

The Company has not paid or provided any perquisites to any of its officers, either individually or in the aggregate, in excess of \$10,000. Not included in the above Summary Compensation Table are shares of the Company s Class A Common Stock purchased by such officers at a discount under the Investment Share feature of the EEIP (the Investment Shares ). Under the Investment Share program, all employees who have been with the Company for at least one year have the opportunity to purchase Investment Shares, and after two years of employment, Investment Shares may be purchased at a discount. Eligible employees may purchase Investment Shares in January of each year and may pay for such stock through payroll deduction throughout the year. The maximum aggregate annual purchase price is capped at \$17,500 and the maximum available discount is 40%. The Investment Shares vest at the rate of 20% per year commencing on the following January 1st. As noted in the Compensation Discussion and Analysis, the Chairman and the CEO of the Company have been precluded from participation in the Investment Share program since 2006. Other executive officers remain eligible to participate in the Investment Share program. At December 25, 2010, Messrs. Geist, Lance and Ulrich held unvested Investment Shares.

**Table of Contents****GRANTS OF PLAN-BASED AWARDS IN FISCAL 2010**

The following table describes the potential range of annual cash incentive awards and potential payouts under equity incentive awards for fiscal 2010 performance, the actual stock options to purchase Class A Common Stock granted during fiscal 2010 and the grant date fair value of the option awards.

Name	Grant Date(1)	Approval Date(2)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(3)				Estimated Future Payouts Under Equity Incentive Plan Awards(1)	Exercise or Base Price of Option Awards (\$/sh)	Closing Price on Date of Grant (\$/sh)	Grant Date Fair Value of Option Awards (\$)(4)
			Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
<b>Martin F. Roper</b>			\$ 988,902							
<b>William F. Urich</b>	1/1/10	12/15/09	\$ 186,000	9,500	14,250	19,000	\$ 46.60(3)	\$ 46.60	\$ 380,445	
<b>C. James Koch</b>	1/1/10	12/15/09	\$ 375,000	4,750	7,125	9,500	\$ 46.60(3)	\$ 46.60	\$ 190,222	
<b>Thomas W. Lance</b>			\$ 164,500							
<b>John C. Geist</b>	1/1/10	12/15/09	\$ 157,500	9,500	14,250	19,000	\$ 46.60(3)	\$ 46.60	\$ 380,445	

(1) Each option vests at 20% per year provided certain criteria are met. The vesting of each option is contingent on the Company achieving certain performance criteria. If the Company's depletions increased by at least 2%, but less than 3%, over 2009 depletions, 50% of the number of shares would be eligible to vest in accordance with the vesting schedule ( Threshold ). If the Company's depletions increased by at least 3%, but less than 4%, over 2009 depletions, 75% of the number of shares would be eligible to vest in accordance with the vesting schedule ( Target ). If the Company's depletions increased by 4% or more over 2009 depletions, 100% of the number of shares shall be eligible to vest in accordance with the vesting schedule ( Maximum ). In February 2011, the Compensation Committee determined that the Maximum had been achieved. As a result, 20% of the Shares vested on March 1, 2011 and, so long as the Optionee continues to be employed by the Company or an affiliate of the Company as of each indicated date, the Option shall become incrementally exercisable as to 20% of Shares on January 1 in each of the years 2012, 2013, 2014 and 2015.

(2)

At the December 15, 2009 meeting of the Board of Directors, upon the recommendation of the Compensation Committee, the Board of Directors granted the options effective as of January 1, 2010, with an exercise price equal to the closing price of the Company's stock on the New York Stock Exchange on the last trading day immediately prior to the effective date of the option grant.

- (3) There are no threshold levels for these awards. The amount reflects the maximum payout for full achievement of the performance goals. Nevertheless, the Compensation Committee has the discretion to adjust the actual payout upon evaluation of overall achievement.
- (4) Reflects the dollar amount of the aggregate grant date fair value of awards granted during each fiscal year as computed in accordance with ASC 718. The methods and assumptions used in valuing the stock option awards in accordance with ASC 718 are described in Notes B and M to the Company's audited financial statements for the fiscal year ended December 25, 2010 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 8, 2011.

Table of Contents**OUTSTANDING EQUITY AWARDS AT 2010 FISCAL YEAR-END**

The following table sets forth information regarding outstanding equity awards granted to the named executive officers at December 25, 2010. Those performance-based options that had not either vested or lapsed as of December 25, 2010 are considered unexercisable and unearned.

Name	No. of Securities Underlying Unexercised Options Exercisable	No. of Securities Underlying Unexercised Options Unexercisable	Option Awards			Stock Awards	
			No. of Securities Underlying Unexercised Options Unearned	Option Exercise Price (\$)	Option Expiration Date	No. of Shares of Stock That Have Not Vested	Market Value of Shares that Have Not Vested (\$)
<b>Martin F. Roper</b>	4,000(1)			\$ 18.465	1/1/2014		
	9,000(2)			\$ 21.140	1/1/2015		
	180,000(3)			\$ 22.425	6/28/2015		
		180,000(4)		\$ 43.550	8/11/2017		
		753,864(5)		\$ 37.650(5)	12/31/2018		
<b>William F. Urich</b>	83,800(6)			\$ 15.835	9/8/2013		
	50,000(6)			\$ 18.000	9/8/2013		
	6,000(7)			\$ 21.140	1/1/2015		
	8,000(8)	2,000(8)		\$ 24.950	1/1/2016		
	5,400(9)	3,600(9)		\$ 35.980	1/1/2017		
			19,000(10)	\$ 46.600	12/31/2019		
<b>C. James Koch</b>	12,000(11)	3,000(11)		\$ 26.070	1/1/2016		
	7,200(9)	4,800(9)		\$ 35.980	1/1/2017		
			9,500(10)	\$ 46.600	12/31/2019		
<b>Thomas W. Lance</b>	20,000(12)	20,000(12)		\$ 34.700	1/22/2017	4,000(13)	\$ 150,600
			60,000(14)	\$ 18.510	3/12/2019		
<b>John C. Geist</b>		4,000(8)		\$ 24.950	1/1/2016		
		8,000(9)		\$ 35.980	1/1/2017		
			19,000(10)	\$ 46.600	12/31/2019		

(1) Option granted 1/1/04 and shares vested at the rate of 20% per year commencing one year after date of grant.

(2) Option granted 1/1/05 and provides that 3,000 shares vested on 5/31/07, 5/31/08 and 5/31/09 due to certain performance criteria being met. Does not include 3,000 shares which lapsed as of 3/1/06 and 3/1/10 as a result of performance criteria not having been met.

- (3) Option granted 6/28/05 and 180,000 shares vested on 5/1/08 due to certain performance criteria being met. Does not include 120,000 shares which lapsed as of 5/1/10 as a result of certain performance criteria not having been met.
- (4) Option granted 8/13/07 and provides that 180,000 shares will vest on 8/13/2013 contingent on Mr. Roper's continued employment with the Company.
- (5) Option granted 1/1/08 and provides that shares vest at the rate of 20% on January 1 in each of the years 2014 through 2018, contingent on Mr. Roper's continued employment with the Company. 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.
- (6) Options granted 9/8/03 and shares vested at the rate of 20% per year commencing one year after date of grant.
- (7) Option granted on 1/1/05 and 2,000 shares vested on 5/31/07, 5/31/08 and 5/31/09 due to certain performance criteria being met. Does not include 2,000 shares which lapsed as of 3/1/06 and 3/1/10 as a result of performance criteria not having been met.
- (8) Option granted 1/1/06 and shares will vest at the rate of 20% per year due to certain performance criteria being met as of 3/1/07.

**Table of Contents**

- (9) Option granted 1/1/07 and shares will vest at the rate of 20% per year due to certain performance criteria being met as of 3/1/08.
- (10) Option granted 1/1/2010 and the shares will vest at the rate of 20% per year if certain performance criteria are met as of 3/1/11. On 3/1/11 it was determined the option will vest due to performance criteria being met.
- (11) Option granted 2/16/06 and shares will vest at the rate of 20% per year due to certain performance criteria being met as of 3/1/07.
- (12) Option granted 1/29/07 and provides that shares will vest at the rate of 25% per year if certain performance criteria were met as of 1/22/09, with the first vesting date being 3/1/09. Does not include 40,000 shares which lapsed as of 3/1/09 due to certain performance criteria not having been met.
- (13) Restricted stock awarded 1/29/07 and shares vest at a rate of 20% per year commencing 1/22/08.
- (14) Option granted 3/13/09 and provides that shares vest at the rate of 33 1/3% on March 1 in each of the years 2011, 2012 and 2013, contingent on certain performance criteria being met. In February 2011, it was determined the option will vest due to performance criteria being met.

**OPTION EXERCISES AND STOCK VESTED IN FISCAL 2010**

The following table sets forth information regarding options exercised and shares of Class A Common Stock acquired on vesting of restricted stock awards by the named executive officers during the fiscal year ended December 25, 2010, as well as information regarding the value realized on such exercise or vesting. Other than Mr. Lance, none of the named executive officers have been granted any restricted stock awards.

Name	Option Awards		Stock Awards	
	No. of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	No. of Shares Acquired on Vesting (#)	Value Realized on Vesting(1) (\$)
Martin F. Roper				
William F. Urich	25,500	\$ 1,412,341		
C. James Koch				
Thomas W. Lance			2,000	\$ 93,020
John C. Geist	21,000	\$ 520,274		

- (1) The aggregate dollar amount realized upon vesting equals the number of shares vested multiplied by the market value of the underlying shares on the vesting date.

**Employment Contracts; Termination of Employment and Change-in-Control Arrangements**

A Stockholder Rights Agreement between the Company and its initial stockholders provides that, so long as C. James Koch remains an employee of the Company (i) he will devote such time and effort, as a full-time, forty (40) hours per week occupation, as may be reasonably necessary for the proper performance of his duties and to satisfy the business

needs of the Company, (ii) the Company will provide Mr. Koch benefits no less favorable than those formerly provided to him by the Boston Beer Company Limited Partnership, and (iii) the Company will purchase and maintain in effect term life insurance on the life of Mr. Koch.

All employees of the Company, including each of the named executive officers, are required to enter into a non-competition agreement with the Company which prohibits the employee from accepting employment with a competitor for a period of one year after leaving the Company. Nevertheless, all employees of the Company are employed at-will.

With the exception of the option granted to Martin Roper on January 1, 2008, which is subject to acceleration pursuant to a defined schedule in the event of a change of ownership of the Company's Class B Stock, all options granted under the EEIP, including those granted to the named executive officers, become immediately exercisable in full in the event that C. James Koch and/or members of his family cease to control a majority of the Company's issued and outstanding Class B Common Stock.

**Table of Contents**

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

No member of the Compensation Committee was an officer or employee of the Company or any of its subsidiaries during fiscal year 2010. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of our Compensation Committee. In addition, none of our executive officers serves as a member of the compensation committee of any entity that has one or more of its executive officers serving as a member of our Board of Directors.

**Item 3. ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The Board of Directors recognizes the interest our investors have in the compensation of our executives. While the holders of our Class A Common Stock have limited voting rights, in recognition of that interest and consistent with the intent of the Dodd-Frank Act and recently enacted SEC rules, we are providing the holders of our Class A Common Stock with the opportunity to cast a non-binding advisory vote on the compensation of our named executive officers, as disclosed pursuant to the compensation disclosure rules of the SEC (also referred to as "say-on-pay").

The compensation of our named executive officers is disclosed in the Compensation Discussion and Analysis, or CD&A, the compensation tables, and the related disclosures contained in this Proxy Statement. As described in our CD&A, we have adopted an executive compensation philosophy designed to deliver competitive total compensation, upon the achievement of financial and/or strategic performance objectives, which will attract, motivate and retain leaders who will drive the creation of stockholder value. In order to implement that philosophy, the Compensation Committee has established a disciplined process for the adoption of executive compensation programs and individual executive officer pay actions. We believe that our compensation policies and decisions are focused on pay-for-performance principles, are strongly aligned with the long-term interests of our stockholders, and provide an appropriate balance between risk and incentives. Stockholders are urged to read the CD&A section of this Proxy Statement, which discusses in greater detail how our compensation policies and procedures implement our executive compensation philosophy. We are asking our stockholders to indicate their support for our named executive officer compensation, as described in this Proxy Statement, by approval of the following resolution:

RESOLVED, that the compensation policies and procedures followed by the Company and the Compensation Committee of the Company's Board of Directors and the level and mix of compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, resulting from such policies and procedures are hereby determined to be appropriate for the Company and accordingly approved.

Your vote on this Item 3 is advisory, and therefore not binding on the Company, the Compensation Committee, or the Board. The vote will not be construed to create or imply any change to the fiduciary duties of the Company or the Board, or to create or imply any additional fiduciary duties for the Company or the Board. However, our Board and our Compensation Committee value input from stockholders and will consider the outcome of the vote when making future executive compensation decisions.

**The Board recommends a vote FOR the adoption, of the foregoing approval resolution regarding the Company's executive compensation policies and procedures and the 2010 compensation paid to the named executive officers, as disclosed in the Compensation Discussion and Analysis, the compensation tables, and related narratives in this Proxy Statement.**

**Item 4. ADVISORY VOTE ON FREQUENCY OF EXECUTIVE COMPENSATION ADVISORY VOTE**

The federal legislation that called for the advisory say-on-pay votes also requires that stockholders be allowed to advise the Company as to the frequency with which such say-on-pay votes should be taken, with the choices being every year, every two years, or every three years.

After careful consideration of the various arguments supporting each frequency level, the Board of Directors believes that submitting the advisory vote on executive compensation to the holders of our Class A Common Stock every year is appropriate for the Company and its stockholders at this time.

The proxy card provides four choices (every year, every two years, every three years, or abstain). Stockholders are not voting to approve or disapprove the Board's recommendation.

**Table of Contents**

As with your vote on say-on-pay under Item 3 above, your vote on this Item 4 is advisory and therefore not binding on the Company, the Compensation Committee, or our Board. The vote will not be construed to create or imply any change to the fiduciary duties of the Company or the Board, or to create or imply any additional fiduciary duties for the Company or the Board. However, the Board values the opinions of the Company's stockholders as expressed through their votes and other communications. Although the vote is non-binding, the Board and the Compensation Committee will carefully consider the outcome of the frequency vote and other communications from stockholders when making future decisions regarding the frequency of say-on-pay votes.

**The Board recommends a frequency of ONE YEAR for future advisory stockholder votes on compensation of our named executive officers.**

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Ernst & Young LLP ( Ernst & Young ) was engaged as the Company's independent public accountants to audit the Company's financial statements for the Company's 2009 and 2010 fiscal years.

Neither the report of Ernst & Young on the Company's financial statements for 2009 nor its report on the Company's financial statements for 2010 contained an adverse opinion or disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope or accounting principles.

During the Company's two most recent fiscal years, there were no disagreements with Ernst & Young on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to such accountants' satisfaction, would have caused such accountants to make reference to the subject matter of the disagreement in connection with its reports; and there were no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K promulgated by the Securities and Exchange Commission.

Representatives of Ernst & Young are expected to be present at the annual meeting, will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and Directors and persons owning more than 10% of the outstanding Class A Common Stock of the Company to file reports of ownership and changes in ownership with the SEC. Officers, Directors and greater than 10% holders of Class A Common Stock are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

The Company believes that during the fiscal year ended December 25, 2010 all Section 16(a) filing requirements applicable to its officers, directors, and beneficial owners of greater than 10% of its Common Stock were complied with, with the exception of Messrs. Charles Koch, C. James Koch and Jean-Michel Valette, who were each late in filing a Form 4 due to inadvertence. In making this statement, the Company has relied upon examination of the copies of Forms 3, 4 and 5, and amendments thereto, provided to the Company and the written representations of its directors, executive officers and 10% stockholders.

**TRANSACTIONS WITH RELATED PERSONS**

The Board of Directors has adopted policies and procedures for the disclosure, review and approval of any transaction in which the Company or one of its subsidiaries is a participant and in which any related person (director, executive officer or their immediate family members, or stockholders owning 5% or more of the Company's outstanding stock) has a direct or indirect material interest. The policy requires that transactions involving a related person be reviewed

and approved in advance by the Audit Committee of the Board of Directors. Under the Company's Code of Business Conduct and Ethics, officers, directors and employees of the Company are required to report proposed related party transactions to the Company's Compliance Officer, who will bring applicable transactions to the attention of the Audit Committee. The Company is not aware of any transaction required to be reported under Item 404(a) of Regulation S-K promulgated by the SEC since the beginning of its 2010 fiscal year where the foregoing policies and procedures did not require review, approval or ratification of such transaction or where such policies and procedures were not followed. Since the beginning of the last fiscal year, the Company has had no transactions, nor does it currently have any proposed transactions, in which it was or is to be a participant in which any related person had or will have a direct or indirect material interest.

**Table of Contents****REPORT OF THE AUDIT COMMITTEE <sup>(2)</sup>**

The Audit Committee of the Board of Directors reviews the Company's auditing, accounting, financial reporting and internal control functions and selects and engages the Company's independent registered public accounting firm. In discharging its duties, the Audit Committee reviews and approves the scope of the annual audit and non-audit services to be performed by the independent registered public accounting firm and the independent registered public accounting firm's audit and non-audit fees. The Audit Committee also reviews the audited financial statements to be included in the Annual Report on Form 10-K for filing with the Securities and Exchange Commission (SEC); meets independently with the Company's manager of internal audit, independent registered public accounting firm and senior management; and reviews the general scope of the Company's accounting, financial reporting, annual audit and internal audit programs and matters relating to internal control systems, as well as the results of the annual audit and interim financial statements, auditor independence issues, and has oversight of operational, governance and other risks that could adversely affect the Company's business. The Audit Committee acts pursuant to an Audit Committee Charter, a copy of which is available on the Company's website at [www.bostonbeer.com](http://www.bostonbeer.com).

The Audit Committee of the Board of Directors is composed of three directors, each of whom qualifies as independent under the current listing standards of the New York Stock Exchange and applicable SEC rules and regulations. In addition, the Board of Directors has determined that each member of the Audit Committee qualifies as an audit committee financial expert in accordance with applicable SEC rules based on their relevant experience. Mr. Cummin served for many years as a partner in a venture capital firm where he had extensive experience in assessing the performance of companies and evaluating their financial statements, and served for several years on an audit committee of another publicly-held company. Mr. Tanner, who joined the Audit Committee in December 2007, also has many years' experience in senior management positions where he supervised primary operational financial officers of large food and agricultural companies. Mr. Valette, who joined the Audit Committee in August 2004, worked as a securities analyst for several years and has served as CEO of two companies where he supervised the primary financial officers. He currently serves as a member of the audit committees of two other publicly-held companies and is chairman of the finance committee of one of those companies as well.

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by the Company's independent registered public accounting firm, currently Ernst & Young LLP (Ernst & Young). The Audit Committee pre-approved all such audit and non-audit services provided by Ernst & Young during 2010. In 2009 and 2010, the services provided by Ernst & Young included audit services, audit-related services, tax services and other services and resulted in the fees set forth below:

**Audit Fees.** The Company paid audit fees to Ernst & Young in the amount of \$383,000 for its audit of the Company's 2010 annual financial statements and for quarterly reviews during the fiscal year ended December 25, 2010. Fees for the audit of the Company's 2009 annual financial statements and quarterly reviews during the fiscal year ended December 26, 2009 totaled \$450,600. These amounts include fees for the review and certification of the Company's compliance with the provisions of Section 404 of the Sarbanes-Oxley Act of 2002.

**Audit-Related Fees.** The Company paid Ernst & Young \$26,000 for audit fees relating to the Company's 401(k) plans in 2010 and \$14,000 for audit fees relating to the Company's 401(k) plans in 2009. The increase is due to the inclusion of the 401(k) plan of a subsidiary in the 2010 audit.

**Tax Fees.** The Company paid Ernst & Young an aggregate of \$153,580 for tax-related services in 2010, which consisted of \$57,500 in federal and state tax return compliance assistance, \$87,055 for federal and state examination review assistance and \$9,025 for other tax advisory services. The Company paid Ernst & Young

an aggregate of \$540,505 for tax-related services in 2009, which consisted of \$136,600 for federal and state tax return compliance assistance, \$67,765 for federal and state examination review assistance and \$336,140 in tax-related advisory services in connection with an internal organizational restructuring that was effected as of the beginning of the 2010 fiscal year.

Other Fees. The Company paid no other fees to Ernst & Young during the 2010 and 2009 fiscal years.

<sup>(2)</sup> The material in this report, including the Audit Committee Charter, is not soliciting material, is not deemed filed with the SEC and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

**Table of Contents**

During the course of 2010, the Audit Committee reviewed and discussed with both management and Ernst & Young the Company's 2010 quarterly results and during the first quarter of 2011, the Audit Committee reviewed and discussed with both management and Ernst & Young the Company's audited financial statements for the fiscal year ended December 25, 2010. In addition, throughout the year, the Audit Committee met with Ernst & Young regarding the Company's internal controls and compliance with Section 404 of the Sarbanes-Oxley Act of 2002. The Audit Committee has discussed with Ernst & Young the matters required to be discussed by Statement of Auditing Standards (SAS) No. 61, *Communication with Audit Committees*, as amended by SAS No. 90, *Audit Committee Communications*, which provides that certain matters related to the conduct of the audit of the Company's financial statements are to be communicated to the Audit Committee. The Audit Committee has received the written disclosures and the letter from Ernst & Young required by Independence Standards Board Standard No. 1 relating to the accountant's independence from the Company, has discussed with Ernst & Young its independence from the Company, and has considered the compatibility of non-audit services provided by Ernst & Young with Ernst & Young's required independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Company's Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 2010.

Audit Committee:  
Pearson C. Cummin, III, Chairman  
Gregg A. Tanner  
Jean-Michel Valette

**DEADLINES FOR SUBMISSION OF STOCKHOLDER PROPOSALS**

Stockholders interested in submitting a proposal for inclusion in the proxy materials for the Annual Meeting of Stockholders to be held in 2012 may do so by following the procedures set forth in Rule 14a-8 of the Securities Exchange Act of 1934, as amended. To be eligible for inclusion, stockholder proposals must be received at the Company's principal executive offices in Boston, Massachusetts on or before December 12, 2011.

If a stockholder wishes to present a proposal at the 2012 Annual Meeting of Stockholders but not have it included in the Company's proxy materials for that meeting, the proposal must be received by the Company no later than March 6, 2012 and must relate to subject matter which could not be excluded from a proxy statement under any rule promulgated by the Securities and Exchange Commission.

**OTHER MATTERS**

Management knows of no matters which may properly be and are likely to be brought before the meeting other than the matters discussed herein. However, if any other matters properly come before the meeting, the persons named in the enclosed proxy will vote in accordance with their best judgment.

**10-K REPORT**

A COPY OF OUR ANNUAL REPORT ON FORM 10-K, INCLUDING AUDITED FINANCIAL STATEMENTS AND SCHEDULES THERETO, REQUIRED TO BE FILED WITH THE SEC FOR THE COMPANY'S MOST RECENT FISCAL YEAR, MAY BE FOUND ON THE COMPANY'S WEBSITE, [WWW.BOSTONBEER.COM](http://WWW.BOSTONBEER.COM). IN ADDITION, THE COMPANY WILL PROVIDE EACH BENEFICIAL OWNER OF ITS SECURITIES WITH A COPY OF THE ANNUAL REPORT WITHOUT CHARGE, UPON RECEIPT OF A WRITTEN REQUEST FROM

SUCH PERSON. SUCH REQUEST SHOULD BE SENT TO THE INVESTOR RELATIONS DEPARTMENT, THE BOSTON BEER COMPANY, INC., ONE DESIGN CENTER PLACE, SUITE 850, BOSTON, MA 02210.

**Table of Contents**

**VOTING PROXIES**

The Board of Directors recommends an affirmative vote for all nominees specified herein, for approval, on an advisory basis, of the compensation of the Company's named executive officers and a vote for a three-year frequency of voting on the compensation of the Company's named executive officers. Proxies will be voted as specified. If signed proxies are returned without specifying voting instructions, the shares represented by such proxies will be voted for each of the agenda items for which you have not clearly indicated votes, as recommended by our Board of Directors.

By order of the Board of Directors

Boston, Massachusetts

April 14, 2011



**Management recommends a vote FOR the following proposal:**

	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
3. To approve the non-binding advisory resolution relating to executive compensation.	o	o	o

**Management recommends a vote for EVERY 1 YEAR on the following proposal:**

	<b>1 year</b>	<b>2 years</b>	<b>3 years</b>	<b>Abstain</b>
4. Non-binding advisory vote on frequency of executive compensation vote	o	o	o	o

Such other matters as may properly come before the meeting or at any adjournment there of.

Mark Here for      o  
Address Change  
or Comments  
SEE REVERSE

**NOTE: Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian. Please give full title as such.**

**Signature**

**Signature**

**Date**

**Table of Contents**

**THE BOSTON BEER COMPANY, INC.**

**2011 ANNUAL MEETING**

Wednesday, May 25, 2011

9:00 A.M.

The Brewery

30 Germania Street

Boston, MA 02130

**DIRECTIONS TO THE BREWERY**

**FROM THE SOUTH OF BOSTON**

Take 93N to exit 18 (Mass Ave and Roxbury Exit). Go straight down Melnea Cass Blvd toward Roxbury. Once on Melnea Cass Blvd you will go through seven lights. At the eighth light take a left on Tremont St (*Landmark: Northeastern University and Ruggles T Station will be on your right when you turn onto Tremont St. Note: Tremont St eventually becomes Columbus Ave*).

Follow Tremont St through seven lights. Take a right on Amory St (*Landmark: look for a big, powder blue Muffler Mart shop on the right - directly after Centre Street*). Follow Amory St through 2 lights. After the 2nd light take a left on Porter St (*Landmark: Directly after Boylston St*). Go to the end of Porter St and the Brewery is on the right.

**FROM THE NORTH OF BOSTON**

Take 93S to exit 18 (*Mass Ave and Roxbury exit*) and follow the above directions.

**FROM THE SUBWAY**

Take the Orange Line outbound toward Forest Hills. Exit at the Stony Brook stop. Above ground take a left onto Boylston St. Take your first right onto Amory St. Then take your first left onto Porter St to Brewery gate (*the Brewery will be at the end of Porter St on your right*).

**Important notice regarding the Internet availability of proxy materials for the Annual Meeting.**

The Proxy Statement and the 2010 Annual Report to Stockholders are available at:

**<http://www.proxyvoting.com/sam>**

**6 FOLD AND DETACH HERE 6**

**THE BOSTON BEER COMPANY**

**PROXY Annual Meeting of Stockholders May 25, 2011**

**CLASS A COMMON STOCK**

The undersigned, a stockholder of The Boston Beer Company, Inc., does hereby appoint C. James Koch and Frederick H. Grein, Jr., or either of them, acting singly, the undersigned's proxy, with full power of substitution, to appear and vote at the Annual Meeting of Stockholders, to be held on Wednesday May 25, 2011 at 9:00 A.M. local time, or at any adjournments thereof, upon such matters as may come before the Meeting.

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.**

The undersigned hereby instructs said proxy, or his substitute, to vote as specified on reverse side on the following matters and in accordance with his judgment on other matters which may properly come before the Meeting.

**(Continued and to be marked, dated and signed, on the other side)**

**Address Change/Comments**

**(Mark the corresponding box on the reverse side)**

BNY MELLON SHAREOWNER SERVICES  
P.O. BOX 3550  
SOUTH HACKENSACK, NJ 07606-9250

WO#  
97221

Fulfillment#  
97222