

## **THE BOSTON BEER COMPANY, INC.**

### **CORPORATE GOVERNANCE GUIDELINES**

#### **Selection and Composition of the Board of Directors**

##### **1. *Qualifications for Board Membership***

The Nominating/Governance Committee of the Board of Directors shall review with the full Board of Directors, not less frequently than annually, the skills and characteristics that should be reflected in the composition of the Board as a whole. The review should include an examination of the extent to which the requisite skills and characteristics are reflected in the then current Board members, and should identify any particular qualifications that should be sought in new directors for the purpose of augmenting the skills and experience represented on the Board. The assessment should include issues of judgment, diversity, age, and experience in aspects of business or technology relevant to the Company's business, all in the context of the perceived needs of the Board at that time.

The Nominating/Governance Committee of the Board shall, in accordance with the provisions of its charter, recommend nominees for election as directors to the full Board. The approval of a majority of the independent directors shall be required (i) for the submission of any recommended nominee for a Class A Director to the stockholders for election; or (ii) for the election of any recommended nominee for a Class A Director by Board action. The invitation to Class A Directors to join the Board shall be extended by the Board itself. Without compromising the right of the Class B stockholder(s) to elect the Class B Directors, the Nominating/Governance Committee may recommend nominees for a Class B Director to the Class B stockholder(s).

##### **2. *Board Composition and Performance***

The Board shall have a majority, or, if allowed by the regulations of the New York Stock Exchange (NYSE), at least three (3), of the directors who meet the criteria for independence specified by the NYSE, and any other statute or regulation applicable to the Company.

It is not the sense of the Board that a director should necessarily leave the Board when he or she retires or substantially changes his or her principal occupation or business association. Nevertheless, it is the sense of the Board that in such circumstances, the Board member should volunteer to resign from the Board, thereby providing the Board and the Nominating/Governance Committee with an opportunity to review the continued appropriateness of Board membership under the circumstances.

Directors are encouraged to limit the number of other Boards upon which they serve, taking into consideration the time commitments required. The Chairman of the Board and the Chairman of the Nominating/Governance Committee should be advised in advance of a director's intention to accept an invitation to serve on another board.

The Board does not believe that it should establish limits on the number of terms that may be served by a member of the Board. In reaching this conclusion, the Board has weighed, among other factors, the desirability of bringing "new blood" to the Board versus the disadvantage of losing valuable contributions by directors who have, over a period of time, developed great depth of knowledge concerning the Company and its operations, with the result that they provide an increasing contribution to the Board as a whole. The Board believes that the annual self-evaluation of the Board provided for below will serve as an appropriate alternative to term limits.

## **Board Relationship to Management**

Directors have full and free access to officers and employees of the Company. Nevertheless, directors must use their judgment to ensure that any communications with officers and employees of the Company are conducted in such fashion as not to disrupt the business operations of the Company. Except in unusual situations, a director should make the chief executive officer of the Company aware of meetings or communications between a director and an officer or employee of the Company.

The Board welcomes regular attendance at each Board meeting by senior officers of the Company. If the chief executive officer wishes to have additional Company personnel in attendance at Board meetings on a regular basis, it is expected that the question of such attendance will be brought to the Board in advance for its approval.

The Board believes that the management of the Company speaks for the Company. Accordingly, while individual board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, it is expected that, absent unusual circumstances or the requirements of committee charters, such meetings or communications will occur only with the knowledge of and concurrence by management. To the extent that communication by or on behalf of the Board is considered appropriate, under most circumstances such comments should come from the Chairman, or, if the Chairman is a member of management, from another designated spokesperson of the Board.

## **Meeting Procedures**

The agenda for each Board meeting shall be established by the Chairman of the Board. To the extent feasible, the Chairman shall prepare at the beginning of each year a list of agenda items that will be discussed during the course of the ensuing year. Each Board member shall be asked to suggest items for inclusion on the annual agenda.

In advance of each Board meeting, information and data that will assist the Board in its deliberations shall be distributed to each Board member. Management will make every effort to see to it that this information is succinct, informative, complete and timely.

The Company's independent directors shall meet at regularly scheduled executive sessions without management. The independent directors shall designate the director who shall preside at such executive sessions, and the name of the presiding director shall be disclosed in the proxy statement for the Company's annual meeting and otherwise as shall be determined by the independent directors. Such executive sessions shall be conducted in accordance with any statutory or regulatory requirements that may be applicable, as well as any requirements adopted from time to time by the NYSE.

## **Committees of the Board**

The Board shall at all times have an Audit Committee, a Compensation Committee, and a Nominating/Governance Committee. The membership of each of these committees shall comply with the independence requirements of applicable statutes and regulations, including requirements of the NYSE. The members of each committee shall be appointed by the Board, which shall consider the recommendations of the Nominating/Governance Committee, as well as the desires of individual directors. It is the sense of the Board that it is desirable to rotate committee members periodically, but the Board does not believe that such rotation should be mandated as a policy, nor does the Board believe that there should be any policy mandate as to the frequency of any such rotation.

Each committee shall have its own charter, which shall address, at a minimum, such matters as shall be required by applicable statutes and regulations and the requirements of the NYSE. Each such charter shall be subject to approval by the Board of Directors.

Each committee shall have a Chairman, who shall be appointed by the Board of Directors. The Chairman of each committee, in consultation with its members, will determine the frequency and length of meetings of the committee, consistent with the requirements of the committee's charter and any applicable statute or regulation, including the requirements of the NYSE. The agenda of each committee will be developed by the Chairman of such committee, in consultation with its members and members of management. To the extent feasible, at the outset of each year, a schedule of agenda subjects for the ensuing year will be developed and furnished to each committee member and to the full Board of Directors.

The Board of Directors and each committee of the Board shall have the power to hire independent legal, financial, or other advisers from time to time as they may consider necessary or appropriate. The engagement of any such independent legal, financial, or other adviser may be undertaken without consultation or approval of any officer of the Company.

The Board shall have such other committees of the Board as it shall from time to time consider necessary or desirable.

### **Management Succession and Evaluation**

The full Board of Directors, acting through its independent directors, shall evaluate annually the performance of the chief executive officer and the chairman, if he/she is a member of management, of the Company and shall communicate that evaluation to such officer(s). The evaluation shall take into consideration the annual review of the respective officer's performance undertaken by the Compensation Committee in accordance with its charter.

The full Board of Directors, acting through its independent directors, shall consider succession planning with respect to management at least once a year. In its deliberations, the Board shall take into consideration the report of the Compensation Committee on that subject, which, in accordance with the charter of that committee, shall be submitted to the Board of Directors annually. The Board shall also take into consideration an annual report on management succession planning, which shall be submitted to the Board by the chief executive officer. The report by the chief executive officer shall include the Company's program for the training and development of other members of senior management.

### **Responsibilities of Directors**

The primary responsibility of directors is to oversee the management of the Company and, in so doing, to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its shareholders. In discharging their duty of oversight, directors should give careful attention to the selection of the Chairman and the Chief Executive Officer and should monitor their performance and that of the Company. The Board should give appropriate attention to long and short-term strategic, financial and other organizational goals of the Company and its plans for the achievement of those goals. In exercising their responsibilities, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors.

Directors are expected to faithfully attend Board meetings and meetings of the committees on which they serve, and to devote such time and effort as is reasonably necessary to the effective discharge of their responsibilities.

## **Director Orientation**

The Board of Directors shall establish an orientation program for new directors. The orientation program should be conducted within three months after an individual is first elected to the Board and should include detailed presentations by members of senior management regarding significant aspects of the Company's business, its strategic plans, its governance structure and codes of conduct, significant accounting and risk-management issues, and compliance programs. The orientation program shall include visits to Company facilities, as appropriate. The orientation program for new directors shall be open to participation by current directors. In formulating from time to time the components of the orientation program, the Board shall take into consideration any requirements for such program adopted by regulatory authorities and may take advantage of educational opportunities for directors of public companies that may be made available by regulatory authorities, including the NYSE.

## **Director Compensation**

At least once every three (3) years, the Compensation Committee of the Board of Directors shall report to the full Board of Directors regarding the compensation of the Company's Board as it compares to the compensation of the boards of other companies of similar size with which the Committee believes it is appropriate to compare the Company. The report shall take such form as shall be determined by the Committee. The form and amount of director compensation shall be determined by the full Board of Directors following consultation with the Compensation Committee.

## **Self-Evaluation**

The Board of Directors shall conduct a self-evaluation at least bi-annually, or more frequently if necessary to comply with the regulations of the NYSE or any other applicable statute or regulation, for the purpose of determining whether the Board as a whole and the committees of the Board are functioning effectively. Such self-evaluation shall be conducted following the end of each fiscal year and shall focus on the contribution of the Board as a whole, with specific attention to areas in which the Board believes a better contribution could be made. The purpose of the evaluation is to increase the effectiveness of the Board.

**Adopted by the Board of Directors on December 17, 2002, as modified on July 25, 2005**