

CRAFT BREW ALLIANCE, INC.
Form DEF 14A
April 10, 2019

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

SCHEDULE 14A

(RULE 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

CRAFT BREW ALLIANCE, INC.

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required
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- 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):
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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:

CRAFT BREW ALLIANCE, INC.
929 N. Russell Street
Portland, Oregon 97227

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held at 1:00 p.m. Pacific Daylight Time on Tuesday, May 14, 2019

TO THE HOLDERS OF COMMON STOCK
OF CRAFT BREW ALLIANCE, INC.:

The Annual Meeting of Shareholders of Craft Brew Alliance, Inc., a Washington corporation, will be held on Tuesday, May 14, 2019, at 1:00 p.m. Pacific Daylight Time, in the Portland, Oregon Widmer Brothers Pub Space located at 947 N. Russell Street, Portland, Oregon 97227, for the following purposes as more fully described in the accompanying Proxy Statement:

1. To elect eight directors to serve until the 2020 Annual Meeting of Shareholders and until their successors are elected and qualified;
2. To ratify the appointment of Moss Adams LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2019;
3. To conduct an advisory vote to approve named executive officer compensation; and
4. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

The Board of Directors of Craft Brew Alliance, Inc. has fixed the close of business on April 1, 2019 as the record date for the meeting. Only shareholders of record of our common stock on April 1, 2019 are entitled to notice of and to vote at the meeting. You are requested to fill in and sign the enclosed form of proxy, which is being solicited by the Board of Directors, and to mail it promptly in the enclosed postage-prepaid envelope. Any proxy may be revoked by delivery of a later dated proxy. Shareholders of record who attend the annual meeting may vote in person, even if they have previously delivered a signed proxy.

By order of the Board of Directors,

/s/ David R. Lord
David R. Lord
Chairman of the Board

Portland, Oregon
April 10, 2019

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
SHAREHOLDER MEETING TO BE HELD ON MAY 14, 2019:

The Proxy Statement for the 2019 Annual Meeting of Shareholders and 2018 Annual Report to Shareholders are available at

<http://phx.corporate-ir.net/phoenix.zhtml?c=95666&p=irol-proxy>

YOUR VOTE IS IMPORTANT!

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE, SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE POSTAGE-PREPAID ENVELOPE PROVIDED OR FOLLOW THE INSTRUCTIONS FOR ELECTRONIC VOTING ON THE CARD. IF YOU ATTEND THE ANNUAL MEETING, YOU MAY VOTE IN PERSON IF YOU WISH, EVEN IF YOU HAVE PREVIOUSLY RETURNED YOUR PROXY CARD.

CRAFT BREW ALLIANCE, INC.
929 N. Russell Street
Portland, Oregon 97227
PROXY STATEMENT
FOR 2019 ANNUAL MEETING OF SHAREHOLDERS
to be held on May 14, 2019 at 1:00 p.m. PDT

This proxy statement and the enclosed form of proxy are furnished in connection with solicitation of proxies by our Board of Directors (the "Board") for use at the annual meeting of shareholders to be held on May 14, 2019, and any postponements or adjournments thereof.

On or about April 10, 2019, this proxy statement and the accompanying form of proxy are being mailed to each shareholder of record at the close of business on April 1, 2019.

The information provided in the "question and answer" format below is for your convenience only and is merely a summary of the information contained in this proxy statement. You should read this entire proxy statement carefully.

What matters am I voting on?

You will be voting on:

- the election of eight directors to hold office until the next annual meeting of shareholders and until their successors are elected and qualified;
- a proposal to ratify the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019;
- a non-binding advisory vote to approve our named executive officer compensation ("say-on-pay" vote); and
- any other business that may properly come before the meeting.

Who is entitled to vote?

Holders of our common stock of record as of the close of business on April 1, 2019, the record date, may vote at the meeting. As of the record date, we had 19,382,641 shares of common stock outstanding. In deciding all matters at the meeting other than the election of directors, each shareholder will be entitled to one vote for each share of common stock held on the record date. For the election of directors, cumulative voting applies, so the number of votes each shareholder will have will be equal to the number of shares held on the record date multiplied by eight, the number of directors that are nominated. Each shareholder may cast all such votes for a single nominee, distribute them among the eight nominees for director equally, or distribute them among the eight nominees in any other way the shareholder deems fit. If a shareholder voting by proxy wishes to distribute votes among the nominees for director, the shareholder may do so on the enclosed proxy card in the space provided. If votes are not distributed on the proxy card, the persons named as proxies will use their discretion to distribute such votes FOR each of the eight individuals nominated to serve as director.

Where is the 2019 Annual Meeting of Shareholders being held?

The 2019 Annual Meeting of Shareholders will be held at the Portland, Oregon Widmer Brothers Pub Space, located at 947 N. Russell Street, Portland, Oregon 97227 at 1:00 p.m. Pacific Daylight Time, on May 14, 2019.

What is the effect of giving a proxy?

Proxies in the form enclosed are solicited by and on behalf of our Board. The persons named in the proxy have been designated as proxies by our Board. If you sign and return the proxy in accordance with the procedures set forth in this proxy statement, the persons designated as proxies by the Board will vote your shares at the meeting as specified in your proxy.

If you sign and return your proxy in accordance with the procedures set forth in this proxy statement but you do not provide any instructions as to how your shares should be voted, your shares will be voted as follows:

• FOR the election as directors of the nominees listed below under Proposal No. 1;

• FOR the proposal to ratify the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019; and

• FOR approval, on an advisory basis, of our named executive officer compensation as disclosed in the Compensation Discussion and Analysis section and accompanying compensation tables included in this proxy statement.

If you give your proxy, your shares also will be voted in the discretion of the proxies named on the proxy card with respect to any other matters properly brought before the meeting.

Can I change my vote after I return my proxy card?

You may revoke your proxy at any time before it is exercised by:

- delivering written notification of your revocation to our secretary;
- voting in person at the meeting; or
- delivering another proxy bearing a later date.

Please note that your attendance at the meeting alone will not revoke your proxy.

What is a quorum?

A quorum is the minimum number of shares required to be present at the annual meeting for the meeting to be properly held under our bylaws and Washington state law. The presence, in person or by proxy, of a majority of all issued and outstanding shares of common stock entitled to vote at the meeting will constitute a quorum at the meeting. A proxy submitted by a shareholder may indicate that all or a portion of the shares represented by the proxy are not being voted with respect to a particular matter. Similarly, a broker may not be permitted to vote shares (“broker non-vote”) held in street name on a particular matter in the absence of instructions from the beneficial owner of the shares. The shares subject to a valid proxy which are not being voted on a particular matter will nevertheless count for purposes of determining the presence of a quorum.

How may I vote?

You may vote your shares by mail or follow the instructions for electronic voting on the proxy card. If mailing, please date, sign and return the accompanying proxy in the envelope enclosed for that purpose (to which no postage need be affixed if mailed in the United States). You may specify your choices by marking the appropriate boxes on the proxy card. If you attend the meeting, you may deliver your completed proxy card in person or fill out and return a ballot that will be supplied to you. See below for an explanation of how to vote shares held in street name.

How many votes are needed for approval of each matter?

Proposal No. 1: The election of directors is subject to a plurality vote of the shares of common stock voted at the meeting. “Plurality” means that the eight individuals who receive the largest number of votes cast “FOR” are elected as directors. Consequently, any shares not voted “FOR” a particular nominee (whether as a result of marking the proxy to withhold votes or a broker non-vote) will not be counted in such nominee’s favor and will have no effect on the outcome of the election. See “Who is entitled to vote?” above for an explanation of cumulative voting in the election of directors.

Proposal No. 2: The ratification of the appointment of Moss Adams LLP must receive more votes “FOR” than votes “AGAINST” at the meeting to be approved. Broker non-votes and abstentions from voting on this proposal will have no effect on the outcome of this proposal.

Proposal No. 3: The proposal to approve, on a non-binding advisory basis, the compensation paid to our named executive officers during 2018 must receive more votes “FOR” than votes “AGAINST” at the meeting to be approved. Broker non-votes and abstentions from voting on this proposal will have no effect on the outcome of the proposal. Because the shareholder vote is advisory only, it will not be binding on us or on our Board of Directors. However, the Board of Directors will review the voting results and take them into consideration when making future decisions regarding executive compensation.

How may my brokerage firm or other intermediary vote my shares if I fail to provide timely directions?

Brokerage firms and other intermediaries holding shares of common stock in street name for customers are generally required to vote such shares in the manner directed by their customers. In the absence of timely directions, brokerage firms and other intermediaries generally will have discretion to vote their customers' shares on the proposal to ratify the appointment of Moss Adams LLP, but they will not have discretion to vote on proposal Nos. 1 and 3.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 25, 2019, certain information regarding beneficial ownership of our common stock (a) by each person known by us to be the beneficial owner of more than 5% of the outstanding common stock; (b) by each director and nominee for director; (c) by the officers named in the Summary Compensation Table; and (d) by all of our current executive officers and directors as a group.

Unless otherwise indicated, the address for each person and entity listed is Craft Brew Alliance, Inc., 929 N. Russell Street, Portland, Oregon 97227. Except as indicated in the footnotes below, to our knowledge, the persons and entities named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable. Except where noted, the percentage of beneficial ownership is based on 19,382,641 shares of common stock outstanding as of March 25, 2019.

Shareholder	Number of Shares ⁽¹⁾	Percent of Shares Outstanding	
Anheuser-Busch Companies, LLC One Busch Place St. Louis, Missouri 63118	6,069,047	31.3	%
The Bill Healy Foundation PO Box 4525 Portland, Oregon 97208	1,211,764	6.3	%
Dimensional Fund Advisors LP ⁽²⁾ 6300 Bee Cave Road Austin, Texas 78746	1,334,339	6.9	%
Timothy P. Boyle ⁽³⁾	486,209	2.5	%
Andrew J. Thomas	70,354	*	
Kevin R. Kelly ⁽⁴⁾	40,754	*	
David R. Lord	37,399	*	
Marc J. Cramer	26,749	*	
J. Scott Mennen	26,886	*	
Derek Y. Hahm	18,101	*	
Kenneth C. Kunze	18,027	*	
Paul D. Davis	10,220	*	
Edwin A. Smith	6,886	*	
Joseph K. Vanderstelt	4,920	*	
Nickolas A. Mills	2,702	*	
Jacqueline S. Woodward	2,534	*	
Matthew E. Gilbertson	—	*	
All current executive officers and directors as a group (12 persons)	739,935	3.8	%

*Less than 1%

(1) Includes shares of common stock subject to options currently exercisable or exercisable within 60 days of March 25, 2019 as follows:

	Options
Andrew J. Thomas	61,641
J. Scott Mennen	19,571
Derek Y. Hahm	18,101
Kenneth C. Kunze	16,777

Edwin A. Smith

5,872

All current executive officers and directors as a group 116,090

3

The information as to beneficial ownership is based on a Schedule 13G filed by Dimensional Fund Advisors LP (2) (“Dimensional”) with the Securities and Exchange Commission on February 8, 2019. Dimensional has sole voting power with respect to 1,316,249 shares and sole dispositive power with respect to all 1,334,339 shares.

(3) Includes 1,818 shares held by Mr. Boyle’s child.

(4) Includes 352 shares held by Mr. Kelly’s spouse.

STOCK OWNERSHIP AND RETENTION POLICY

We have a policy that establishes expectations for ownership of our common stock that applies to our independent directors and members of our Executive Leadership Team (“ELT”). Expectations include ownership of shares with a value equal to four times the amount of the annual cash retainer for our independent directors; shares with a value equal to four times annual base salary for our Chief Executive Officer; shares with a value equal to two times annual base salary for our other executive officers; and shares with a value equal to one times annual base salary for all other ELT members. The expectations are to be met by the later of March 2021 and five years after becoming subject to the policy. The policy also requires ELT members to retain 50% of the net shares acquired through stock option exercises and vesting of restricted stock units and performance shares until the ownership expectations are met, and 25% of such shares for a minimum of three years following exercise or vesting after meeting the ownership expectations.

PLEDGING AND HEDGING TRANSACTION POLICY

We have a policy that prohibits the pledging of shares of our common stock by executive officers and directors as security for borrowings, including margin loans. The policy also prohibits executive officers and directors from engaging in hedging transactions in our common stock, including such financial instruments as prepaid variable forwards, equity swaps, collars, exchange funds, puts and calls, and other derivative securities that are designed to hedge or offset a decrease in market value of our common stock.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), requires that our officers and directors, and persons who own more than 10% of our common stock, file reports of stock ownership and changes of ownership with the SEC. Based solely on our review of the copies of such reports received by us and on written representations by our officers and directors regarding their compliance with the applicable reporting requirements under Section 16(a) of the Exchange Act, we believe that, with respect to our fiscal year ended December 31, 2018, all filing requirements applicable to our officers and directors, and all of the persons known to us to own more than 10% of our common stock, were complied with by such persons on a timely basis.

BOARD OF DIRECTORS

Our business is managed under the direction of the Board of Directors (the “Board”), which currently consists of the following eight directors: David R. Lord (Chairman), Timothy P. Boyle, Marc J. Cramer, Paul D. Davis, Matthew E. Gilbertson, Kevin R. Kelly, Nickolas A. Mills and Jacqueline S. Woodward.

The full Board met four times during 2018. No director attended fewer than 75% of the total number of meetings of the Board and of any Board committees of which he or she was a member during 2018. Directors are encouraged to attend the Annual Meeting of Shareholders. At the 2018 Annual Meeting, the seven incumbent directors who were directors at the time were in attendance.

Director Independence

Our common stock is listed on The Nasdaq Stock Market ("Nasdaq") and, accordingly, we are subject to the requirement in Nasdaq Listing Rule 5605(b)(1) that a majority of our directors be independent as defined in Listing Rule 5605(a)(2). Current nominees Messrs. Boyle, Cramer, Davis, Kelly and Lord and Ms. Woodward do not have any relationship that would disqualify them as independent directors under Listing Rule 5605(a)(2) and, in the opinion of the Board, do not have any other relationship that would interfere with their exercise of independent judgment in carrying out their responsibilities as directors. Therefore, the Board believes that Messrs. Boyle, Cramer, Davis, Kelly and Lord and Ms. Woodward are "independent directors" as defined in Listing Rule 5605(a)(2). Messrs. Gilbertson and Mills are employees of Anheuser-Busch, LLC ("A-B") and are A-B's designees to the Board pursuant to an agreement between A-B and us that precludes them from meeting the definition of "independent director" in Listing Rule 5605(a)(2)..All independent directors meet in executive session, at which only independent directors are present, at least twice a year, in conjunction with regularly scheduled Board meetings.

Nominees for Director

The Board believes that our current directors, as a whole, provide the diversity of experience and skills necessary for a well-functioning board. All of our directors have substantial senior executive level experience, a significant background in the beer industry, or both. The Board highly values the ability of individual directors to contribute to a constructive governance environment and believes that the current Board members, collectively, perform in such a manner.

Under our Amended and Restated Bylaws, there are eight positions on the Board. The following eight individuals have been nominated for election at the annual meeting. Each of the nominees currently serves as a director. A-B has the contractual right to appoint two directors to our Board.

Set forth below is a more detailed description of each nominee's age, background, professional experience, qualifications and skills.

Timothy P. Boyle (69)

Mr. Boyle has served as a director since our merger effective July 1, 2008 with Widmer Brothers Brewing Company ("WBBC"). He served as a director of WBBC from May 1999 until July 1, 2008. Since 1989, Mr. Boyle has served as President and Chief Executive Officer of Columbia Sportswear Company, an active outdoor apparel and footwear company headquartered in Portland, Oregon, and listed on Nasdaq. He began working with Columbia Sportswear Company in 1970. Mr. Boyle serves as a director on the boards of Columbia Sportswear Company and Northwest Natural Gas Company, and director emeritus on the board of The Freshwater Trust. He is a member of the Public Affairs and Environmental Policy Committee of Northwest Natural Gas Company. Mr. Boyle is a trustee of Reed College and a past member of the Young Presidents' Organization and the University of Oregon Foundation.

Individual Experience: Mr. Boyle has a breadth of experience as a public company director and an entrepreneurial background in leading and growing a small business into one of the largest outerwear companies in the world, including leading that company through an initial public offering. Mr. Boyle possesses expertise in designing strategic initiatives and brand development, maintaining organizational culture during periods of significant growth, and developing and managing sound operating systems.

Marc J. Cramer (61)

Mr. Cramer has served as a director since December 2010. Since 2007, he has served as the Finance Director of the Bill Healy Foundation, a private charitable foundation, and Cedar Holdings LLC, a private investment company. Prior to 2007, he was employed by Kettle Foods Holdings Inc., a privately held, all-natural food manufacturer, serving in the roles of Global Financial Director, Assistant Secretary and Treasurer beginning in 2004, and, from 1999 to 2004, as President, North American Operations of Kettle Foods, Inc. Mr. Cramer has been a director of Sequential Pacific Biodiesel, Inc., and Scott Paul Wines since 2008; he previously served on the boards of Kona Brewing Co., Inc. from 2007 to October 2010 and Kettle Foods, Inc. from 2004 to 2006.

Individual Experience: Trained as a certified public accountant, Mr. Cramer has spent a significant portion of his career creating and executing strategies around global brand building and operational and organizational development. He is an experienced finance professional with expertise regarding the application and integration of financial and operational issues commonly faced by mid-market and smaller entrepreneurial organizations.

Paul D. Davis (62)

Mr. Davis has served as a director since March 2016. From December 2013 through August 2015, and then again from March 2017 to June 2018. Mr. Davis was the Chief Executive Officer of popchips Inc. ("popchips"), an innovative snack company, becoming Co-Chairman of the Board in September 2015. He has served on the popchips

board of directors from 2013 to March 2019. Prior to joining popchips, he was the Chief Executive Officer of Coinstar, Inc. a provider of automated retail solutions, from April 2009 to March 2013, and Chief Operating Officer for one year beginning April 2008. Other positions held by Mr. Davis include Chief Executive Officer of Kettle Foods, Inc., from 2004 to 2007, and President and CEO of Barilla America, Inc., the U.S.-based division of The Barilla Group, from 2002 to 2004. In addition, Mr. Davis served in various executive positions at Starbucks Corporation, including President - North American Operations, from March 1999 until October 2001. Mr. Davis was also a director of Farestart, from 2011 to 2018 a non-profit program providing culinary training and job placement services for homeless and disadvantaged persons.

Individual Experience: Mr. Davis has more than 30 years of business experience with consumer packaged goods. Mr. Davis has in-depth experience in leading innovative lifestyle brands such as Kettle Foods, Starbucks, popchips and Redbox through transformational changes and high-growth periods. Mr. Davis acquired significant experience in the beer industry through his service on the Kona Brewing Company board from 2007 to 2010, and then on the Kona advisory board following the company's merger into our wholly owned subsidiary in October 2010 until 2013.

Matthew E. Gilbertson (43)

Mr. Gilbertson has served as a director since February 2019. He has served in multiple senior financial and strategic management roles at Anheuser-Busch InBev ("ABI"), the parent company of A-B, a global beer company, since April 2014, and has served as Treasurer and Vice President for ABI's North American Zone since June 2017. Prior to joining ABI, Mr. Gilbertson spent 10 years as an investment banker with the business valuation firm of Duff & Phelps, LLC.

Individual Experience: Mr. Gilbertson brings financial expertise and an in-depth knowledge of the craft beer industry, as well as an understanding of the key mechanisms for driving performance and creating shareholder value. He has interacted with our senior management team for several years. Mr. Gilbertson has been designated by A-B to serve on our Board.

Kevin R. Kelly (69)

Mr. Kelly has served as a director since the merger with WBBC in 2008 and also served as a director of WBBC from September 1995 until July 1, 2008. Mr. Kelly is retired from First Call Heating and Cooling, U.S. Bancorp and college teaching. In September 2011, Mr. Kelly sold First Call Heating and Cooling, an oil sales and heating/cooling contractor, where he had been Chief Executive Officer and owner since 1994. Prior to that, he was President of U.S. Bancorp, and held various roles with U.S. Bancorp and its subsidiaries from 1977, including Chief Executive Officer and President of U.S. Bank of Oregon. Mr. Kelly serves on the Providence Health System Investment Committee. He earned a Ph.D. and a Masters Degree in Economics from the University of Oregon.

Individual Experience: Mr. Kelly's lengthy banking career and lending expertise has provided him with an in-depth understanding of financial analysis and financial statements. Mr. Kelly possesses substantial background in deal and transactional analysis and organization culture after leading numerous merger and acquisition activities. As a former executive in a major lending institution, he has significant professional and political contacts in Oregon and Washington.

David R. Lord (70)

Mr. Lord has served as a director since May 2003 and was elected Chairman of the Board in January 2016. In January 2009, Mr. Lord retired from the position of President of Pioneer Newspapers, Inc., a position he had held for 18 years. He served as Vice Chairman of Pioneer Newspapers from 2009 until December 2012 when he became a director. Pioneer Newspapers owns eight daily newspapers and nine weekly, semi-weekly and monthly publications in the western United States. Prior to joining Pioneer Newspapers, Mr. Lord practiced law, both in private practice and as a criminal deputy prosecuting attorney. Mr. Lord is past president and chairman of the PAGE Cooperative, a not-for-profit, member-owned cooperative buying association in the newspaper industry. He is also a past president and chairman of the Inland Press Association and is currently a member of the board of directors of Wick Communications.

Individual Experience: Mr. Lord has a broad operating and strategic planning background, with knowledge of the issues facing small to mid-sized companies spread over a large geographic area. He also possesses sound legal judgment and knowledge and provides strong counsel in contract negotiations, employment practices and human resources issues.

Nickolas A. Mills (42)

Mr. Mills has served as a director since January 2017. He has served as Vice President of Supply for The High End at A-B, a global beer company, since 2016. Mr. Mills held the roles of Senior Brewmaster and Senior General Manager at A-B's Baldwinsville Brewery from 2010 to 2016, where he supervised the production of a wide variety of beer styles, including Goose Island and Blue Point beers, flavored malt beverages, and ciders. Previously, he served in

various brewing positions with A-B in St. Louis, Missouri, Merrimack, New Hampshire, and Jacksonville, Florida.

Individual Experience: Mr. Mills brings an intimate knowledge of the craft beer industry, including the brewing process and supply chain. Mr. Mills has been designated by A-B to serve on our Board.

Jacqueline S. Woodward (57)

Ms. Woodward has served as a director since May 2017. Ms. Woodward serves as Chief Marketing Officer of Bojangle's Inc., a Southeastern United States regional chain of fast food restaurants, specializing in Cajun seasoning, fried chicken and buttermilk biscuits, since April 2018. Previous to that, she served as Senior Vice President and Chief Marketing Officer of Krispy Kreme Doughnuts Corporation, a leading branded retailer and wholesaler of doughnuts and complementary products, from June 2016 through July 2018. Ms. Woodward previously served as Vice President of Marketing Connections for General Mills, Inc., a leading global manufacturer and marketer of branded and unbranded consumer foods, from September 2014 through June 2016. From August 2008 through August 2014, Ms. Woodward served as Vice President of Marketing Connections for MillerCoors, LLC, the U.S. business unit of the Molson Coors Brewing Company, one of the world's largest brewing companies.

Individual Experience: Ms. Woodward brings more than 30 years of experience in marketing management for consumer brands, both domestically and globally, including more than eight years in the beer industry.

Criteria for Director Nominees

The specific, minimum qualifications that the Nominating and Governance Committee believes must be met by a nominee for a position on our Board are:

- the highest ethical character;
- the ability to read and understand financial statements;
- attained 21 years of age;
- no material conflict, whether personal, financial or otherwise, associated with being on the Board;
- satisfaction of the requirements for regulatory approval; and
- adequate time to devote to Board activities.

The specific qualities or skills that the Nominating and Governance Committee believes are necessary for one or more of our directors to possess are:

- the ability to offer advice and guidance to our Chief Executive Officer based on relevant expertise and experience;
- attributes of independence or financial expertise as required by the Nasdaq Listing Rules and Securities and Exchange Commission (“SEC”) regulations;
- skills, experience and background complementary to those of other directors; and
- the ability to maintain a constructive working relationship with other directors.

Although the Board does not maintain a specific policy with respect to Board diversity, the Board believes that, whenever feasible, the Board should be a diverse body, and the Nominating and Governance Committee considers a broad range of backgrounds and experiences. In making determinations regarding nominations of directors, the Nominating and Governance Committee may take into account the benefits of diverse viewpoints. The Nominating and Governance Committee also considers these and other factors as it oversees the annual Board and committee evaluations.

We have adopted a policy requiring directors to retire from the Board effective at the Annual Meeting of Shareholders after turning age 73.

Shareholder Recommendations for Nominations to the Board of Directors

The Nominating and Governance Committee will consider candidates for director recommended by any of our shareholders and will evaluate such recommendations in accordance with its charter, our bylaws and the regular nominee criteria described above. This process is designed to ensure that the Board includes members with diverse backgrounds, skills and experience, including appropriate financial and other expertise relevant to our business. Eligible shareholders wishing to recommend a candidate for nomination should follow the procedures set forth in our Amended and Restated Bylaws, as further described below. In connection with its evaluation of a director nominee, the Nominating and Governance Committee may request additional information from the candidate or the recommending shareholder and may request an interview with the candidate. The Nominating and Governance Committee has discretion to decide which individuals to recommend for nomination as directors. Shareholders should submit any recommendations for director nominees at our 2020 annual meeting to us by December 13, 2019 (120 days prior to the anniversary of mailing this proxy statement).

A shareholder of record can nominate a candidate for election to the Board by complying with the procedures in Article II, Section 2.3.2 of our Amended and Restated Bylaws. Any eligible shareholder who wishes to submit a nomination should review the requirements in the bylaws on nominations by shareholders. Any nomination should be sent in writing to the Secretary, Craft Brew Alliance, Inc., 929 N. Russell Street, Portland, OR 97227. Notice must be received by us no later than December 13, 2019.

Committees of the Board

The Board has standing Audit, Compensation, Nominating and Governance, and Strategic Planning Committees. Each of our committees is responsible to the full Board and its activities are therefore subject to Board approval. Pursuant to an exchange and recapitalization agreement between us and A-B, A-B has the right to designate two members of our Board of Directors. A-B also generally has the right to have a designee on each committee of the Board of Directors, except where prohibited by law or stock exchange requirements, or with respect to a committee formed to review or determine transactions or proposed transactions between A-B and us. The activities of each of our standing Board committees are summarized in more detail below.

Audit Committee

The Audit Committee is responsible for the engagement of and approval of the services provided by our independent registered public accounting firm. The Audit Committee assists our Board in fulfilling its oversight responsibilities by reviewing (i) the financial reports and other pertinent financial information provided by us to the public and the SEC, (ii) our system of internal control established by management and the Board, and (iii) our auditing, accounting and financial reporting processes generally.

The current members of the Audit Committee, who served throughout 2018, are Messrs. Kelly (Chair), Cramer and Lord, each of whom is an independent director as defined by Nasdaq Listing Rule 5605(a)(2) and (c)(2). The Board has also determined that Mr. Kelly, an independent director, qualifies as an “audit committee financial expert” as defined by the SEC. Michael Taylor, as A-B’s designee, observed meetings of the Audit Committee until his resignation from the Board in May 2018, and João Paulo Falcão Vieira, also as A-B’s designee observed meetings of the Audit Committee from June 13, 2018, until his resignation effective December 31, 2018. Mr. Gilbertson, as A-B’s designee, currently observes meetings of the Audit Committee. The Audit Committee met four times during 2018. The Board has adopted a written charter for the Audit Committee, which is reviewed annually and revised as appropriate. A copy of the Audit Committee Charter is available on our website at www.craftbrew.com (select Investors – Governance – Highlights).

Compensation Committee

The Compensation Committee is responsible for establishing and approving corporate goals and objectives relevant to compensation of the Chief Executive Officer and other senior executives; evaluating the performance of the Chief Executive Officer and other senior executives in light of those goals and objectives; developing and overseeing the overall compensation policies applicable to our Chief Executive Officer and other senior executives; and annually reviewing and making recommendations to the Board with respect to director compensation and benefits. The Compensation Committee is also responsible for establishing general policies applicable to the granting, vesting and other terms of stock options, restricted stock, restricted stock units, performance shares, stock appreciation rights and other stock-based awards granted to employees, directors, and consultants under our stock incentive plans, and for determining the number and terms of such grants.

The current members of the Compensation Committee are Messrs. Davis (Chair), Boyle, Cramer, Kelly and Lord, and Ms. Woodward, each of whom is an independent director as defined by Nasdaq Listing Rule 5605(a)(2) and 5605(d)(2)(A). Mr. Mills, as A-B’s designee, observes meetings of the Compensation Committee. The Compensation Committee met four times during 2018. The Board has adopted a written charter for the Compensation Committee, which is available on our website at www.craftbrew.com (select Investors – Governance – Highlights).

Under its charter, the Compensation Committee has the authority, in its sole discretion, to retain the services of outside consultants to provide advice regarding our executive compensation program and other compensation matters for which the Compensation Committee is responsible. The Compensation Committee also has sole authority to terminate its relationship with any consultants and to approve their fees and other terms of their engagement. The Compensation Committee has engaged Korn Ferry, a global compensation consulting firm, to provide advice upon request regarding compensation issues. Among the factors considered by the Compensation Committee in retaining Korn Ferry were its practice of analyzing each executive or other management position by function and responsibilities rather than by title, in part through conducting interviews with each individual, as well as its compilation of compensation survey data separately for companies in the beer, wine and spirits industry. During 2017, at the request of the Committee, Korn Ferry provided its recommendations regarding changes in the composition of the peer group used to evaluate our competitive position regarding executive compensation, certain aspects of the CEO’s compensation, the structure of the annual executive cash incentive program, and the compensation program for outside directors. In November 2017, the Compensation Committee also authorized Korn Ferry to prepare an updated

analysis of our executive compensation program using current survey data for use in its future deliberations. The fees paid to Korn Ferry during 2018 for consulting services totaled approximately \$25,500. No other compensation consultant provided services to the Compensation Committee during 2018. Additional information regarding the Compensation Committee's interactions with Korn Ferry appears below under the heading "Compensation Discussion and Analysis."

The Compensation Committee receives and considers the recommendations of our Chief Executive Officer regarding compensation of other senior executives. During 2018, our Chief Executive Officer and our Chief Financial Officer attended meetings of the Compensation Committee when invited. Our Chief Executive Officer reports to the Compensation Committee regarding the level of achievement of individual performance goals by other senior executives tied to their annual cash incentive target bonuses. Executive officers are excused during the Compensation Committee's deliberations regarding their compensation.

The Compensation Committee received input from our Chief Executive Officer regarding various elements of our compensation program in 2018, including base salary levels for senior executives, target annual cash incentive bonus amounts, the allocation among corporate performance goals for the target bonuses, identification and calculation of achievement of the corporate performance goals, establishment of individual performance goals for our senior executives, and establishment of corporate performance goals for the long-term performance share awards made to senior executives.

Under its Charter, the Compensation Committee is permitted to delegate any of its responsibilities to one or more subcommittees composed entirely of independent directors. In addition, the Compensation Committee may choose to delegate its authority under our stock incentive plans to our CEO with respect to grants of stock-based awards to employees who are not subject to the reporting requirements of Section 16 of the Exchange Act.

In reviewing our compensation policies and practices, the Compensation Committee has considered whether our compensation program, in particular our performance-based awards, encourages participants to take risks that are reasonably likely to have a material adverse effect on us, and has concluded that such a result is unlikely.

Nominating and Governance Committee

The Nominating and Governance Committee reviews the structure of the Board, its committee structure and overall size; recommends to the Board nominees for vacant Board positions; reviews and reports to the Board on the nominees to be included in the slate of directors, including evaluating any individuals suggested by shareholders, for election at the Annual Meeting of Shareholders; recommends directors to serve on each Board committee; oversees the development of a plan for CEO succession; and oversees the evaluation of the Board and its committees.

The Nominating and Governance Committee is currently composed of Messrs. Boyle (Chair), Cramer, Davis, Kelly and Lord, and Ms. Woodward, each of whom is an independent director as defined by Nasdaq Marketplace Rule 5605(a)(2). Messrs. Taylor and Falcão Vieira, each as A-B's designee, observed meetings of the Nominating and Governance Committee during the time frames described above under "Audit Committee". Mr. Gilbertson, as A-B's designee, currently observes meetings of the Nominating and Governance Committee. The Nominating and Governance Committee met three times in 2018. The Board has adopted a written charter for the Nominating and Governance Committee, which is reviewed annually and revised as appropriate. A copy of the charter is available on our website at www.craftbrew.com (select Investors – Governance – Highlights).

Strategic Planning Committee

The Strategic Planning Committee is responsible for advising management in the development of strategic plans; reviewing proposed capital and other significant expenditures proposed by management for consistency with our long-term business objectives; and reviewing and recommending to the Board management proposals related to expansion, capital investment, acquisitions, partnerships, joint ventures or alliances, dispositions of capital assets, adequacy of the existing capital structure and similar issues.

The Strategic Planning Committee is currently composed of Messrs. Cramer (Chair), Boyle, Davis, Kelly and Mills and Ms. Woodward, each of whom, other than Mr. Mills, is an independent director as defined by Nasdaq Marketplace Rule 5605(a)(2). The Strategic Planning Committee met four times in 2018. The Board has adopted a written charter for the Strategic Planning Committee, which is reviewed annually and revised as appropriate. A copy of the charter is available on our website at www.craftbrew.com (select Investors – Governance – Highlights).

Risk Management

We have designed and implemented processes to manage risk in our operations. The Board's role in risk management is primarily one of oversight, with day-to-day responsibility for risk management implemented by the management

team. The Board receives a report annually regarding the state of our enterprise risk management system. The Board executes its oversight role directly and also through its various committees. The Audit Committee has principal responsibility for implementing the Board's risk management oversight role. The Audit Committee reviews management's assessment of the key risks facing us, including the key controls we rely on to mitigate those risks. The Audit Committee also monitors certain key risks at each of its regularly scheduled meetings, such as risk associated with internal control over financial reporting, liquidity risk, risk relating to compliance with loan covenants and contract terms, and risk arising out of related person transactions. The Nominating and Governance Committee also assists in risk management by overseeing our compliance with legal and regulatory requirements and risks relating to our governance structure. The Compensation Committee assesses risks created by the incentives inherent in our compensation policies. Finally, the full Board reviews strategic and operational risk in the context of reports from the management team, receives reports on all significant committee activities at each regular meeting, and evaluates the risks inherent in significant transactions. The Board believes that its current leadership structure has not been influenced by the manner in which it oversees risk management.

Leadership Structure

The positions of Chairman of the Board and Chief Executive Officer are filled by two different people. Currently, the Chairman position is held by David Lord, an independent director, and our Chief Executive Officer is Andrew Thomas. Separating the Chairman and Chief Executive Officer positions provides multiple perspectives and ideas at Board meetings, expands the skill set available to address the variety of risks and challenges we may encounter, gives the independent directors input over the agenda and issues to be discussed at Board meetings, and improves communication between management and the Board by giving the Chief Executive Officer a single initial source for Board-level communication and input on significant decisions. The Nominating and Governance Committee reevaluates the efficacy of the Board's leadership structure at least annually.

SHAREHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Shareholders wishing to communicate with the Board, the non-management directors, or with an individual Board member may do so by writing to the Board, to the non-management directors, or to the particular Board member, and mailing the correspondence to: c/o Audit Committee Chair, Craft Brew Alliance, Inc., 929 N. Russell St., Portland, Oregon 97227. The envelope should indicate that it contains a shareholder communication. All such shareholder communications will be forwarded to the director or directors to whom the communications are addressed.

DIRECTOR COMPENSATION

For 2018, non-employee directors, other than the Chairman of the Board, were paid an annual cash retainer of \$42,500 and received a fully-vested stock award with a value of \$47,500. For service in 2019, non-employee directors, other than the Chairman of the Board, will receive an annual cash retainer of \$45,000 and a stock award with a value of \$50,000. For 2018, Mr. Lord, Chairman of the Board, received an annual cash retainer of \$65,000 and a stock award with a value of \$70,000. For service in 2019, Mr. Lord will receive an annual cash retainer of \$67,500 and a stock award with a value of \$72,500.

The Chair of the Audit Committee is entitled to an additional annual cash retainer of \$15,000, while each other member of the Audit Committee receives an additional \$5,000. The Chairs of each of the Nominating and Governance, Compensation, and Strategic Planning Committees are entitled to an additional annual cash retainer of \$10,000. Members of the Nominating and Governance and Strategic Planning Committees receive an additional payment of \$2,000 and the members of the Compensation Committee receive an additional payment of \$3,000. Committee compensation is paid quarterly.

The following table sets forth certain information regarding the compensation earned by or awarded to each member of the Board during 2018.

Name	Fees earned or paid in cash	Stock awards ⁽¹⁾	Total
Timothy P. Boyle	\$57,500	\$ 47,513	\$ 105,013
Marc J. Cramer	62,500	47,513	110,013
Paul D. Davis	56,500	47,513	104,013
Kevin R. Kelly	64,500	47,513	112,013
David R. Lord	77,000	70,013	147,013
Nickolas A. Mills	44,500	47,513	92,013
Michael R. Taylor ⁽²⁾	17,514	47,513	65,027

João Paulo Falcão Vieira ⁽³⁾	23,352	—	23,352
Jacqueline S. Woodward	49,500	47,513	97,013

Represents the value of 2,534 fully-vested shares of our common stock (3,734 shares for Mr. Lord) granted on May 16, 2018. The fair value of the stock awards was determined based on the fair value of our common stock on the date of grant. See Notes 2 and 14 of Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2018 for additional information.

(1) Mr. Taylor ceased to be a director effective May 17, 2017.

(3) Mr. Falcão Vieira served as a director from June 13, 2018 to December 31, 2018.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee has reviewed and discussed the audited financial statements with management. The Audit Committee has discussed with Moss Adams LLP, the Company's independent registered public accounting firm, the matters required to be discussed pursuant to auditing standards adopted by the Public Company Accounting Oversight Board ("PCAOB") regarding communications with audit committees (AS 1301). In addition, the Audit Committee discussed various matters with Moss Adams LLP related to the Company's consolidated financial statements, including critical accounting policies and practices. The Audit Committee also received the written disclosures and the letter from Moss Adams LLP required by PCAOB Rule 3526, "Communication with Audit Committees Concerning Independence," and has discussed with Moss Adams LLP its independence from the Company and management.

Based on the review and discussions of the Audit Committee with respect to the items listed above, the Audit Committee recommended to the Board of Directors that the audited financial statements of the Company be included in the Annual Report on Form 10-K for the year ended December 31, 2018 for filing with the SEC. The Audit Committee has also recommended the appointment of Moss Adams LLP as the Company's independent registered public accounting firm for its fiscal year ending December 31, 2019. The selection of Moss Adams LLP is directed to be submitted to a vote of the shareholders for ratification at the 2019 annual meeting.

Respectfully Submitted:

Kevin R. Kelly (Chair)
Marc J. Cramer
David R. Lord
Audit Committee Members

COMPENSATION DISCUSSION AND ANALYSIS

Our Board is responsible for establishing and administering our executive compensation and employee benefit programs in the context of our overall goals and objectives. This Board duty has been delegated to the Compensation Committee (referred to in this section as the "Committee") in accordance with the Committee's Charter. The Committee reviews the executive compensation program at least annually and approves appropriate modifications to executive officer compensation, including specific amounts and types of compensation. The Committee is responsible for establishing the compensation of the CEO. The Committee also reviews and approves the compensation and incentive programs for other executive officers after reviewing the CEO's recommendations. The Committee establishes the annual compensation of the non-employee directors and oversees the administration of our stock-based compensation plans.

This Compensation Discussion and Analysis provides information on our executive compensation program and policies and summarizes the decision-making process supporting the compensation amounts shown in the tables that follow this section.

Executive Compensation Philosophy and Objectives

The objectives of our compensation program are to (i) provide a competitive, comprehensive compensation package to attract, retain and motivate highly talented personnel at all levels of our organization and (ii) provide incentives and rewards for implementing and accomplishing our short-term and long-term strategic and operational goals and objectives. Therefore, we strive to structure compensation packages that are competitive within the industry, while maintaining and promoting our interests, as well as the interests of our shareholders.

We believe that specific levels of executive compensation should reflect the responsibilities of each position within our company, the relative value of the position and the competition for quality, key personnel in our industry. Our

executive compensation program includes four primary components:

Base salary. Base salary is the guaranteed element of an executive's annual cash compensation. The level of base salary reflects the Committee's assessment of the employee's long-term performance, his or her skill set and the market value of that skill set.

Annual cash bonus opportunities. Performance-based incentive cash bonuses awarded under our Annual Cash Incentive Plan (the "STI Plan") are intended to reward executives for achieving specific financial and operational goals both at a corporate and an individual level.

Long-term incentive awards. Long-term incentives are provided through grants of performance share awards ("PBAs") and restricted stock units ("RSUs"). These equity-based awards are intended to encourage our executives to take steps that they believe are necessary to ensure our long-term success, and to align their interests with our other shareholders.

Severance payments. Executive employment agreements provide for severance payments as a means of recruiting and retaining top quality executives, by assuring them of a reasonable amount of compensation in the event of termination of employment under specified circumstances, including a change in control.

At our annual meeting in May 2018, shareholders approved our non-binding Say-on-Pay proposal to approve our executive compensation by a favorable vote representing more than 98% of the votes cast on the proposal. The Committee believes that this vote represents a positive endorsement of our executive compensation practices and decisions. The shareholders' substantial support of our executive compensation program contributed to the Committee's decision not to change its general approach to our executive compensation programs and policies for 2019. The Committee will continue to consider results from the shareholder advisory votes, including the upcoming vote at the 2019 annual meeting, when reviewing our executive compensation programs and policies.

Advice of Compensation Consultant

The Committee retains an outside compensation consultant to provide advice periodically regarding appropriate elements of a competitive executive compensation structure, including fixed and at-risk elements, short-term and long-term incentives, cash and equity components, and benefits. The Committee currently retains Korn Ferry as its independent compensation consultant. See "Board of Directors-Committees of the Board-Compensation Committee" above for additional information regarding Korn Ferry.

In May 2017, the Committee authorized the engagement of Korn Ferry to refresh the Company's peer group and perform an analysis of competitive executive officer and director compensation levels to inform the Committee's compensation decisions for 2018. The peer group was revised in consultation with the Committee chair and the Company's human resources staff. The revised group, which reflects the addition of two new companies and reduced focus on family-owned enterprises, comprises 14 public companies in the beverage and food industries as follows: Boston Beer Company, Inc., Bridgford Foods Corporation, Castle Brands Inc., Coffee Holding Company, Inc., Crimson Wine Group, Ltd., Crystal Rock Holdings, Inc., Farmer Brothers Co., Inventure Foods, Inc., Lifeway Foods, Inc., MGP Ingredients, Inc., National Beverage Corp., Omega Protein Corporation, Primo Water Corporation, and Turning Point Brands, Inc. At the Committee's request, Korn Ferry provided an updated analysis dated August 1, 2018, of compensation levels for each of the Company's executive officer positions compared to its peer group and the Korn Ferry surveys of the beer, wine and spirits industry and the fast-moving consumer goods group of companies. The report concluded that, consistent with the Committee's philosophy on executive compensation, salary levels are generally below but near the median, target cash compensation is approximately at the median, and target total direct compensation is at or above the median for most executive officer positions. The Committee reviewed the Korn Ferry report at its November 2018 meeting in connection with its deliberations regarding executive compensation for 2019.

Components of 2018 Executive Officer Compensation

Our executive compensation program is composed of fixed and variable elements with both cash and equity components, consisting primarily of a base salary, annual cash incentive bonus opportunities, grants of RSUs and PBAs, modest personal benefits, and severance arrangements. The Committee's decisions regarding compensation of senior executives for 2018 reflected its continued desire to emphasize incentive compensation over fixed compensation such as salaries and benefits. Although the Committee made decisions as described below with regard to the compensation of Joseph Vanderstelt, our former Chief Financial Officer, Mr. Vanderstelt left the Company in July 2018 and, accordingly, did not receive any incentive compensation for his services in 2018. Also, equity awards granted to Mr. Vanderstelt in 2018 were cancelled upon his departure.

Base Salary

Base salaries are established annually. The Committee's general philosophy is to weight incentive compensation more heavily than fixed compensation. In November 2017, the Committee reviewed recommendations from Korn Ferry based on its analysis of CEO compensation prepared in response to the Committee's May 2017 engagement. Korn Ferry's analysis showed that Mr. Thomas's compensation was above the median for performance and below the median for pay, yielding a positive pay-for-performance relationship in light of the Company's strong financial results and positive shareholder return. Korn Ferry's recommendation, based on its findings, was to increase the CEO's salary level by 5% in each of 2018 and 2019, which the Committee adopted. Korn Ferry also recommended that Mr. Thomas receive a one-time grant of RSUs in 2017 with a grant date fair value of \$85,000 to bring his actual current compensation closer to the median compared to the Company's peer group, which the Committee approved in November 2017. With respect to the other named executive officers, the Committee approved 3% increases in base salary for 2018 based on national survey benchmark data from World at Work for companies of a comparable size in the food, beverage and tobacco product manufacturing sector and the recommendations of the Company's CEO.

2018 Annual Cash Incentive Bonuses

Consistent with the Committee's philosophy of tying a significant portion of compensation to the achievement of performance goals, the Committee established annual cash bonus opportunities under our STI Plan, expressed as a percentage of 2018 base salary, as follows: Andrew Thomas, 75%; Joseph Vanderstelt, 65%; Scott Mennen, 65%; Kenneth Kunze, 65%; Derek Hahm, 100%; and Edwin Smith, 25%. The annual cash bonus opportunities were subject to the attainment of two corporate performance goals listed below, as well as, achievement of a performance goal tailored to each executive officer.

The corporate level goals approved by the Committee for 2018 were based on target amounts of earnings before interest, taxes, depreciation, and amortization ("EBITDA") with respect to 40% of the target opportunity and total revenue as to 30% of the opportunity. The weighting reflects the Company's heightened emphasis on maintaining a disciplined focus on earnings in the face of competitive challenges to topline growth. EBITDA, as calculated, includes the potential bonuses as expense. The bonus percentage tied to individual goals was set at 30% of the target opportunity to encourage personal accountability for achievement of elements of the Company's strategic plan within the executive officer's purview.

The Committee determines the extent to which performance goals have been satisfied following the end of each fiscal year. Payment, if any, is made promptly following such determination. An executive officer is not entitled to receive a bonus unless he or she remains employed by us through the date of the Committee's determination, unless the Committee decides otherwise.

The target amounts of EBITDA and related individual objectives, originally fixed by the Committee in early 2018, were adjusted, with the approval of the Committee, to exclude the effect of unanticipated selling general and administrative expenses related to acquisitions, litigation, and consumer research initiatives totaling approximately \$1,675,000. The EBITDA goal was decreased by approximately 7.8% as a result of these adjustments. Following the adjustment, the target amount of EBITDA was \$19,775,000 and the target amount of total revenue was \$215,400,000.

Payouts of annual cash incentives are on a straight line sliding scale ranging from 50% to 125% of the target amount, based on the level of achievement of the applicable corporate or individual goal beginning at the 70% (threshold) level up to the 115%(maximum) level, with 100% of the target amount payable if the overall achievement is 100%.

In February 2019, the Committee determined that the adjusted EBITDA goal was met at the 89.7% level and the total revenue goal was achieved at the 95.7% level, resulting in an overall payout on the bonus opportunity tied to corporate goals for 2018 of 92.7%.

Individual performance goals for 2018 approved by the Committee for the executive officers named below and levels of achievement as approved by the Committee in February 2019 were as follows:

Name	Goal	Achievement %
Andrew Thomas	Weighted average of achievement of individual objective metrics by executive team	96%
Joseph Vanderstelt	Index of 2018 quarterly results relative to budget	—%
Scott Mennen	Weighted average beer COGS/bbl across all breweries and all volume	100%
Kenneth Kunze	Home market brand volume	93%
Derek Hahm	Domestic beer and restaurant and retail gross profit	94%

Stock Incentive Plan Awards

The Committee typically considers equity grants for our senior executives and other employees annually under our 2014 Stock Incentive Plan. The Committee determined that the grant date fair value of annual equity grants to the named executive officers for 2018, expressed in terms of a percentage of base salary, should be as follows: Mr.

Thomas, 100%; Mr. Vanderstelt, 75%; Mr. Mennen, 50%; Mr. Kunze, 50%; Mr. Hahm, 50%; and Mr. Smith, 15%. The Committee further determined that the equity awards, based on grant date fair value, should be 30% in the form of time-vested RSUs and 70% in the form of PBAs (other than for Mr. Smith). Consequently, a substantial portion of the equity awards are subject to attainment of performance goals as described below.

The RSUs generally will cliff vest on March 31, 2021, assuming continued employment through that date. In May 2018, the Committee made a one-time grant of RSUs for 500 shares to Mr. Smith that will vest on May 31, 2019.

The vesting of the PBAs granted in 2018 is subject to achieving target levels of revenue compound annual growth rate (CAGR) and EBITDA margin over a performance cycle beginning January 1, 2018 and ending December 31, 2020. The target amounts were fixed at 50 basis points above the three-year plan numbers that had been developed by management and approved by the Board. Payout of shares will be based on a sliding scale from 50% at the threshold level of 50 basis points below plan to 150% at 150 basis points above plan. Accordingly, at the time the Committee approved the PBAs in February 2018, it believed that approximately 71% of the awards would likely vest.

Additional details of equity awards to our named executive officers are reflected in the tables set forth under “Executive Compensation” below.

In February 2019, the Committee also considered the attainment of performance goals established for PBAs granted in 2016. The goals were based on total revenue and EBITDA for the three years ended December 31, 2018. The EBITDA goal was attained at the 74% level and the revenue goal was attained at the 80% level, resulting in a zero payout of the awarded shares.

See “Stock Ownership and Retention Policy” and “Pledging and Hedging Transaction Policy” above for descriptions of expectations for ownership of our common stock and prohibitions on the pledging of shares of our common stock and hedging transactions by members of our Executive Leadership Team.

Employment Agreements and Severance Benefits

We have entered into employment agreements with each of our executive officers that provide for severance benefits in the event that the officer’s employment is terminated under specified circumstances, including upon a change in control. In October 2018, the Committee determined to restructure the Company’s employment agreements in phases over the next several months. The restructuring focuses on employee retention, including signing and retention bonuses, the acceleration of vesting of outstanding equity awards upon termination of employment following a change in control of the Company, and noncompete agreements where and to the extent legally permissible. Revised employment agreements were entered into with Messrs. Thomas and Mennen effective January 1, 2019, and a new employment agreement was entered into with Christine Perich in connection with her hiring as the Company’s new Chief Financial and Strategy Officer effective April 1, 2019. The retention bonuses provided for in the agreements with Messrs. Thomas and Mennen were intended to approximate an annual payout under the STI Plan, payable in installments over three years. The employment agreements with our named executive officers are described in more detail below under “Employment Agreements and Potential Payments upon Termination or Change-in-Control.”

Other Compensation

We make matching contributions to the accounts of all participating executive officers on the same terms as those of other participants in our defined contribution 401(k) plan and provide health and disability insurance for the executive officers under the same plans as for non-executive employees.

In December 2015, the Committee approved a \$100,000 retention bonus for Mr. Thomas, half of which was paid in January 2016 and the other half of which was paid on December 31, 2018.

Disclosure of Pay Ratio

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, we are providing the following information about the relationship between the annual total compensation of our employees and the annual total compensation of our CEO for 2018, our last completed fiscal year:

• The annual total compensation of our CEO was \$1,249,277.

The median of the annual total compensation of all of our employees other than our CEO (based on our median employee identified under the methodology described below) was \$54,543.

The resulting ratio of our CEO's annual total compensation to the annual total compensation of our median employee is 23 to 1.

The pay ratio stated above is a reasonable estimate calculated in a manner consistent with SEC rules based on our internal records. The SEC's rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their employee populations and compensation practices. As a result, the pay ratios reported by other companies may not be comparable to our pay ratio stated above.

We completed the following steps to identify the median of the annual total compensation of all our employees and to determine the annual total compensation of our median employee and CEO:

On December 31, 2018, our employee population consisted of approximately 665 individuals, including full-time, part-time, temporary, and seasonal employees employed on that date.

To find the median of the annual total compensation of all our employees (other than our CEO), we used wages from our payroll records as reported to the Internal Revenue Service on Form W-2 for the fiscal year 2018. In making this determination, we annualized the compensation of full-time and part-time permanent employees who were employed on December 31, 2018 but who did not work for us the entire year. No full-time equivalent adjustments were made for part-time employees.

We identified our median employee using this compensation measure and methodology, which was consistently applied to all employees included in the calculation.

After identifying the median employee, we added together all of the elements of that employee's compensation for 2018 in accordance with the requirements applicable to calculating annual total compensation for purposes of the Summary Compensation Table below.

For the annual total compensation of our CEO, we used the amount reported for our CEO in the "Total" column for 2018 in the Summary Compensation Table below.

Tax Deductibility

Section 162(m) of the Internal Revenue Code limits the amount that we may deduct for income tax purposes for compensation paid to our executive officers to \$1,000,000 per person. Prior to the enactment of the Tax Cuts and Jobs Act by Congress in late 2017, performance-based compensation that met the requirements of Section 162(m) and regulations thereunder was excluded from the limit. This exception was repealed on a prospective basis. Accordingly, subject to certain limitations, effective with the 2018 tax year, all compensation paid to a named executive officer or other covered employee in excess of \$1,000,000 will be non-deductible, other than qualifying performance-based compensation paid under written binding agreements in effect as of November 2, 2017. None of the compensation shown in the Summary Compensation Table below was qualifying performance-based compensation. In February 2019, the Compensation Committee amended and restated our Annual Cash Incentive Plan (the "STI Plan") to remove references to Section 162(m).

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis included elsewhere in this proxy statement with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be incorporated by reference in our annual report on Form 10-K and included in this proxy statement.

Respectfully Submitted:

Paul D. Davis (Chair)	Kevin R. Kelly
Timothy P. Boyle	David R. Lord
Marc J. Cramer	Jacqueline S. Woodward

Compensation Committee Members

EXECUTIVE OFFICERS

The following individuals were our executive officers as of April 10, 2019:

Name	Age	Position	Executive Officer Since
Andrew J. Thomas	51	Chief Executive Officer	2011
Christine N. Perich	50	Chief Financial and Strategy Officer, Executive Vice President and Treasurer	2019
Derek Y. Hahm	49	Vice President, Sales and Brewpubs	2016
Kenneth C. Kunze	60	Vice President, Chief Marketing Officer	2014
J. Scott Mennen	54	Vice President, Chief Operating Officer	2014

Andrew J. Thomas has served as Chief Executive Officer since January 1, 2014. Prior to that, Mr. Thomas served as President of Commercial Operations beginning June 1, 2011. Previously, Mr. Thomas served as an independent marketing and strategy consultant and senior adviser to The Monitor Group, a strategy consulting firm, beginning in April 2009. Mr. Thomas was an independent consultant from October 2007 to April 2009. He served as President and Chief Executive Officer of Heineken USA, an importer of upscale beers, from 2005 to 2007, and was employed by Heineken International from January 1995 to October 2007 in a variety of positions of increasing responsibility and authority.

Christine N. Perich has served as Chief Financial and Strategy Officer since April 1, 2019. Ms. Perich, age 50, previously spent 16 years at New Belgium Brewing Company ("New Belgium"), headquartered in Fort Collins, Colorado. She was New Belgium's Chief Financial Officer from 2004 through September 2014, also taking on the Chief Operating Officer role beginning in 2008. She was President and Chief Operating Officer of New Belgium from September 2014 through October 2015, and then President and Chief Executive Officer until November 2016. She then established Perich Advisors, a strategy, culture and leadership development consultancy, through which she has advised businesses in multiple industries. She also served as Chief Executive Officer of WTRMLN WTR, a fast growing juice beverage company based in the greater New York City area, for 11 months in 2017.

Derek Y. Hahm has served as our Vice President, Sales and Brewpubs since November 2016. Mr. Hahm brings more than two decades of experience in the alcoholic beverage industry, serving in key sales and operations management roles, including serving as our Chief of Staff from 2013-2016. Prior to 2013, he held several sales leadership positions, including Vice President, National Sales Operations.

Kenneth C. Kunze has served as our Chief Marketing Officer since November 4, 2013, and was designated as a Vice President effective January 1, 2014. Prior to that, Mr. Kunze served as Chief Marketing Officer for Heineken USA from 1997 to 2008, Principal Consultant for Brand Value Advisors, a brand strategy company, during 2009, and Chief Marketing Officer for Sabra Dipping Co., a Middle-Eastern style food products company, from 2010 to 2013. Mr. Kunze is responsible for the marketing and management of our dynamic portfolio of brands, including Kona Brewing Co., Widmer Brothers Brewing, Redhook Brewing, Omission and Square Mile Cider Company, as well as new brand development. Additionally, he oversaw our Pubs division, which includes five distinctive restaurant and retail locations in cities across the U.S., through the end of 2015. Mr. Kunze is a seasoned marketing executive with more than 25 years of leadership experience in the consumer packaged goods, beer and beverage industries.

J. Scott Mennen has served as our Chief Operating Officer since May 2015, after serving as our Vice President, Brewery Operations since January 1, 2014, and, prior to that, served as our Vice President of Operations beginning May 9, 2013. Mr. Mennen served as Vice President of Operations for Pabst Brewing Company, a beer manufacturer, from 2012 to 2013. Prior to that, he was Global Director of Brewing and Quality for A-B, where he was responsible for brewing and quality operations worldwide, from 2009 to 2012. Mr. Mennen served as General Manager of Newark Brewery from 2008 to 2009, and was its Resident Brewmaster from 2001 to 2008. He has 25 years of extensive

experience in all facets of brewery and operations management.

There are no family relationships among any of our directors or executive officers.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table lists the annual compensation for the years shown in the table of our named executive officers:

Name and Principal Position	Year	Salary (\$)	Bonus (\$) ⁽⁴⁾	Stock Awards (\$) ⁽⁵⁾	Non-Equity Incentive Plan Compen- sation (\$) ⁽⁶⁾	All Other Compen- sation (\$) ⁽⁷⁾	Total (\$)	
Andrew J. Thomas Executive Officer	Chief	2018	\$475,036	\$50,000	\$391,864	\$332,377	\$ —	\$1,249,277
		2017	452,170	—	499,577	289,695	—	1,241,442
		2016	439,006	120,000	404,148	123,698	—	1,086,852
Joseph K. Vanderstelt ⁽¹⁾ President, Chief Financial Officer	Former Executive Vice	2018	166,347	—	173,996	—	1,593	341,936
		2017	272,976	—	187,696	124,161	—	584,833
		2016	265,031	51,235	182,976	51,511	16,903	567,656
J. Scott Mennen President, Chief Operating Officer	Vice	2018	270,865	—	111,599	166,565	8,642	557,671
		2017	262,650	—	120,412	121,888	8,710	513,660
		2016	255,024	—	117,380	72,154	8,756	453,314
Kenneth C. Kunze President, Chief Marketing Officer	Vice	2018	272,264	—	112,037	163,075	7,950	555,326
		2017	263,680	—	120,888	118,312	9,327	512,207
		2016	256,050	—	117,842	73,957	78,324	526,173
Derek Y. Hahm ⁽²⁾ President, Sales and Brewpubs	Vice	2018	228,126	—	94,097	211,678	7,950	541,851
		2017	221,474	—	101,536	180,349	6,697	510,056
		2016	215,030	—	88,697	46,425	7,023	357,175
Edwin A. Smith ⁽³⁾ Controller and Principal Accounting Officer	Corporate	2018	153,255	—	32,889	23,380	—	209,524

(1) Mr. Vanderstelt's employment terminated on July 13, 2018.

(2) Mr. Hahm began serving as our Vice President, Sales and Brewpubs effective November 16, 2016.

(3) Mr. Smith began acting in the capacity of Principal Financial Officer following Mr. Vanderstelt's departure in July 2018.

(4) The amounts shown for Mr. Thomas for 2018 and 2016 each include \$50,000 paid as a retention bonus; the balance shown for 2016 represents a performance bonus based on achievement of the individual goals assigned to him for the year. The amount shown for Mr. Vanderstelt for 2016 reflects a one-time, \$25,000 signing bonus, as well as a performance bonus based on achievement of the individual goals assigned to him for 2016.

Represents the grant date fair value of PBAs under our 2014 Stock Incentive Plan, which reflects the assessment of probable achievement of performance conditions on the date of grant (89% in 2016, 88% in 2017 and 71% in 2018). The actual value to be received pursuant to these stock awards is dependent on the degree to which company-wide performance goals are met over three-year performance cycles (2.5 years for 2016). The value of the 2018 PBAs at the grant date, assuming the highest level of achievement, was as follows: (i) Mr. Thomas, \$498,754; (ii) Mr. Vanderstelt, \$221,446; (iii) Mr. Mennen, \$142,022; (iv) Mr. Kunze, \$142,606; (v) Mr. Hahm, \$119,775; and Mr. Smith, \$0. Also includes the grant date fair value of RSUs granted under our 2014 Stock Incentive Plan. Additional details regarding the terms of the PBAs and RSUs are set forth in the following two tables. See Notes 2 and 14 to our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018 (“2018 Form 10-K”) for information on the valuation assumptions and other related information.

The amounts shown reflect the annual cash incentive awards under the STI Plan based on performance for the (6) years shown and paid in the first quarter of the following year. Additional details of the awards for 2018 are set forth in the Grants of Plan-Based Awards Table.

(7) Amounts shown in this column for 2018 represent the sum of the amounts attributable to personal benefits and other items of compensation as listed in the following table:

2018	Andrew Thomas	Joseph Vanderstelt	Kenneth Kunze	Scott Mennen	Derek Hahm	Edwin Smith
Reimbursement of taxes ^(a)	\$ —	—\$ —	\$ —	\$ 692	\$ —	\$ —
Employer matching contributions to 401(k) Plan	—	1,593	7,950	7,950	7,950	—
Total	\$ —	—\$ 1,593	\$ 7,950	\$ 8,642	\$ 7,950	\$ —

(a) For Mr. Mennen, represents a gross-up reimbursement of applicable taxes on excess contributions returned under limits imposed on 401(k) plans.

Grants of Plan-Based Awards Table for the Year Ended December 31, 2018

Name	Grant date	Estimated potential payouts under non-equity incentive plan awards			Estimated future payouts under equity incentive plan awards			All other stock awards: Number of shares of stock or units (#)	Grant date fair value of stock and option awards (\$) ⁽⁵⁾
		Thres-hold (\$) ⁽¹⁾	Target (\$) ⁽¹⁾	Maxi-mum (\$) ⁽¹⁾	Thres-hold (#) ⁽²⁾	Target (#) ⁽²⁾	Maxi-mum (#) ⁽²⁾		
Andrew J. Thomas	2/20/2018	\$ —	\$ —	\$ —	—	—	—	—	\$249,368
	2/20/2018	—	—	—	—	—	—	7,808	⁽³⁾ 142,496
	2/20/2018	178,125	356,250	445,313	—	—	—	—	—
Joseph K. Vanderstelt ⁽⁶⁾	2/20/2018	—	—	—	4,045	8,089	12,134	—	110,723
	2/20/2018	—	—	—	—	—	—	3,467	⁽³⁾ 63,273
	2/20/2018	91,390	182,780	228,475	—	—	—	—	—
J. Scott Mennen	2/20/2018	—	—	—	2,594	5,188	7,782	—	71,011
	2/20/2018	—	—	—	—	—	—	2,224	⁽³⁾ 40,588
	2/20/2018	87,923	175,845	219,806	—	—	—	—	—
Kenneth C. Kunze	2/20/2018	—	—	—	2,605	5,209	7,814	—	71,303
	2/20/2018	—	—	—	—	—	—	2,232	⁽³⁾ 40,734
	2/20/2018	88,270	176,540	220,675	—	—	—	—	—
Derek Y. Hahm	2/20/2018	—	—	—	2,188	4,375	6,563	—	59,878
	2/20/2018	—	—	—	—	—	—	1,875	⁽³⁾ 34,219
	2/20/2018	114,050	228,100	285,125	—	—	—	—	—
Edwin A. Smith	2/20/2018	—	—	—	—	—	—	1,253	⁽³⁾ 22,867
	5/16/2018	—	—	—	—	—	—	500	⁽⁴⁾ 9,375
	2/20/2018	19,055	38,110	47,638	—	—	—	—	—

Represents the potential annual cash incentive bonus amounts payable under the STI Plan based on the level of achievement of corporate performance goals, as well as individual performance goals, as described under “Compensation Discussion and Analysis” above. Payouts will be on a straight line sliding scale ranging from 50% to 125% of the target amount, based on the level of achievement of the applicable performance goal beginning at the 70% (threshold) level up to the 115% (maximum) level, with 100% of the target amount payable if the overall achievement level is 100%.

Represents PBAs under the 2014 Stock Incentive Plan that will vest upon the attainment of performance goals over a three fiscal year performance cycle ending December 31, 2020 as described under “Compensation Discussion and Analysis” above. Upon vesting, the performance shares will be settled in shares of common stock. The performance goals are based on threshold, target and maximum levels of net sales CAGR and EBITDA margin. Payout of shares will be based on a sliding scale from 50% at the threshold to 150% at the maximum. The target amounts will be issuable if the overall achievement level is 100%.

- (3) Reflects RSU awards granted under the 2014 Stock Incentive Plan that vest on March 31, 2021, approximately three years following the grant date.
- (4) Reflects RSU awards granted under the 2014 Stock Incentive Plan that vest on May 31, 2019.
- (5) See Notes 2 and 14 to our audited financial statements included in our 2018 Form 10-K for information on the valuation assumptions and other related information.
- (6) Mr. Vanderstelt's employment terminated on July 13, 2018, at which time all awards shown in the table were canceled.

Outstanding Equity Awards at Year End 2018

The following table sets forth the outstanding equity awards held by the named executive officers as of December 31, 2018:

Name	Option Awards				Stock Awards			Equity incentive plan awards: market or payout value of unearned shares that have not vested (\$)
	Number of securities underlying unexercised options: exercisable (#)	Number of securities underlying unexercised options: unexercisable (#)	Option exercise price (\$/Sh)	Option expiration date	Number of units of stock that have not vested (#)	Market value of units of stock that have not vested (\$)	Equity incentive plan awards: number of unearned shares that have not vested (#)	
Andrew J. Thomas	5,215	—	\$ 9.35	6/1/2021	—	\$ —	—	\$ —
	11,110	—	7.63	5/14/2022	—	—	—	—
	11,757	—	7.54	5/22/2023	—	—	—	—
	14,543	3,636	10.70	5/20/2024 ⁽¹⁾	—	—	—	—
	11,535	3,845	13.10	3/13/2025 ⁽²⁾	—	—	—	—
	—	—	—	—	—	—	35,428	⁽³⁾ 506,975 ⁽¹⁰⁾
	—	—	—	—	—	—	13,675	⁽⁴⁾ 195,689 ⁽¹⁰⁾
	—	—	—	—	—	—	11,444	⁽⁵⁾ 163,764 ⁽¹⁰⁾
	—	—	—	—	17,127 ⁽⁶⁾	245,087 ⁽¹⁰⁾	—	—
	—	—	—	—	8,559 ⁽⁷⁾	122,479 ⁽¹⁰⁾	—	—
Joseph K. Vanderstelt ⁽¹¹⁾	—	—	—	—	7,808 ⁽⁸⁾	111,732 ⁽¹⁰⁾	—	—
	—	—	—	—	4,393 ⁽⁹⁾	62,864 ⁽¹⁰⁾	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
J. Scott Mennen	3,710	—	7.54	5/22/2023	—	—	—	—
	7,000	—	9.41	7/19/2023	—	—	—	—
	3,636	909	10.70	5/20/2024 ⁽¹⁾	—	—	—	—
	3,237	1,079	13.10	3/13/2025 ⁽²⁾	—	—	—	—
	—	—	—	—	—	—	10,290	⁽³⁾ 147,250 ⁽¹⁰⁾
	—	—	—	—	—	—	3,972	⁽⁴⁾ 56,839 ⁽¹⁰⁾
	—	—	—	—	—	—	3,259	⁽⁵⁾ 46,636 ⁽¹⁰⁾
	—	—	—	—	4,974 ⁽⁷⁾	71,178 ⁽¹⁰⁾	—	—
—	—	—	—	2,486 ⁽⁸⁾	35,575 ⁽¹⁰⁾	—	—	
Kenneth C. Kunze	—	—	—	—	2,224 ⁽⁹⁾	31,825 ⁽¹⁰⁾	—	—
	7,000	—	15.27	11/4/2023	—	—	—	—
	4,145	1,036	10.70	5/20/2024 ⁽¹⁾	—	—	—	—
	3,447	1,149	13.10	3/13/2025 ⁽²⁾	—	—	—	—
	—	—	—	—	—	—	10,330	⁽³⁾ 147,822 ⁽¹⁰⁾
—	—	—	—	—	—	3,987	⁽⁴⁾ 57,054 ⁽¹⁰⁾	
—	—	—	—	—	—	3,272	⁽⁵⁾ 46,822 ⁽¹⁰⁾	

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—	—	—	—	4,994	(6)	71,464	(10)	—
—	—	—	—	2,496	(7)	35,718	(10)	—
				2,232	(8)	31,940	(10)	—

Name	Option Awards				Stock Awards		Equity incentive plan awards:	
	Number of securities underlying unexercised options: exercisable (#)	Number of securities underlying unexercised options: unexercisable (#)	Option exercise price (\$/Sh)	Option expiration date	Number of units of stock that have not vested (#)	Market value of stock that have not vested (\$)	Equity incentive plan awards: number of unearned shares that have not vested (#)	Equity incentive plan awards: market or payout value of unearned shares that have not vested (\$)
Derek Y. Hahm	4,640	—	7.63	5/14/2022	—	—	—	—
	5,232	—	7.54	5/22/2023	—	—	—	—
	3,462	865	10.70	5/20/2024 ⁽¹⁾	—	—	—	—
	2,927	975	13.10	3/13/2025 ⁽²⁾	—	—	—	—
	—	—	—	—	—	—	9,786	⁽³⁾ 140,038 ⁽¹⁰⁾
	—	—	—	—	—	—	3,349	⁽⁴⁾ 47,924 ⁽¹⁰⁾
	—	—	—	—	—	—	2,748	⁽⁵⁾ 39,324 ⁽¹⁰⁾
	—	—	—	—	4,194 ⁽⁶⁾	60,016 ⁽¹⁰⁾	—	—
Edwin A Smith	—	—	—	—	2,096 ⁽⁷⁾	29,994 ⁽¹⁰⁾	—	—
	—	—	—	—	1,875 ⁽⁸⁾	26,831 ⁽¹⁰⁾	—	—
	2,272	757	10.40	7/29/2025 ⁽¹²⁾	—	—	—	—
	2,400	2,400	7.69	5/18/2026 ⁽¹³⁾	—	—	—	—
	—	—	—	—	1,253 ⁽⁸⁾	17,930 ⁽¹⁰⁾	—	—
				500 ⁽¹⁴⁾	7,155 ⁽¹⁰⁾			

(1) The unvested options vest on May 20, 2019.

(2) The unvested options vest on March 13, 2019.

Vesting of this award was contingent upon meeting company-wide performance goals over a three-year period (3) ended December 31, 2018. In February 2019, the Compensation Committee determined that the performance goals were not met and, accordingly, these shares did not vest.

Vesting of this award is contingent upon meeting company-wide performance goals at the threshold level. The (4) performance goals are tied to target amounts of adjusted EBITDA margin and net sales CAGR for the three fiscal years ending December 31, 2019. The awards earned will range from 50% at the threshold level to 150% at the maximum level of the target number of performance shares and will be payable no later than April 30, 2020.

Vesting of this award is contingent upon meeting company-wide performance goals at the threshold level. The (5) performance goals are tied to target amounts of adjusted EBITDA margin and net sales CAGR for the three fiscal years ending December 31, 2020. The awards earned will range from 50% at the threshold level to 150% at the maximum level of the target number of performance shares and will be payable no later than April 30, 2021.

(6) Vesting of the RSUs was contingent on continued employment through March 31, 2019.

(7) Vesting of the RSUs is contingent on continued employment through March 31, 2020.

(8) Vesting of the RSUs is contingent on continued employment through March 31, 2021.

(9) Vesting of RSUs will occur in three installments on December 31, 2018, 2019 and 2020, per a vesting schedule, subject to continued employment through that date.

(10) Based on the closing price of our common stock on December 31, 2018 of \$14.31 per share.

- (11) Mr. Vanderstelt's employment terminated on July 13, 2018, at which time all outstanding awards terminated other than vested stock options, which were exercised or terminated no later than 90 days thereafter.
- (12) The unvested options vest on July 29, 2019.
- (13) The unvested options vest in two equal installments on May 18, 2019 and 2020.
- (14) Vesting of the RSUs is contingent on continued employment through May 31, 2019.

All stock options vest in full in the event of an officer's death or disability.

Option Exercises and Stock Vested in Fiscal 2018

The following table provides information for stock options exercised and RSUs vested for our named executive officers during 2018. No PBAs vested for our named executive officers during 2018.

Name	Option Awards		RSU Awards	
	Number of shares acquired on exercise (#)	Value realized on exercise (\$)	Number of shares acquired on vesting (#)	Value realized on vesting (\$)
Andrew J. Thomas	—	\$ —	879	\$12,578
Joseph K. Vanderstelt	5,115	27,647	—	—
Edwin A. Smith	—	—	33	647

EMPLOYMENT AGREEMENTS AND POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

Other than as described below, we do not have any employment agreements or any other agreements or understandings with any of the named executive officers that provide for supplemental payments after the executive's employment terminates.

Effective January 1, 2019, the Company entered into revised employment agreements with Messrs. Thomas and Mennen. The agreements will terminate on December 31, 2021, and replaced agreements scheduled to expire on June 30, 2019. The Company also entered into employment agreements with Messrs. Kunze and Hahm effective July 1, 2016, which will expire on June 30, 2019. Under the agreements, each executive will be entitled to salary, annual cash incentive compensation, health and other employee benefits, and stock-based awards as approved by the Compensation Committee under our executive compensation program. The general parameters of the current executive compensation program are described above under the heading "Compensation Discussion and Analysis."

The agreements with Messrs. Thomas and Mennen provided for the payment of cash signing bonuses in January 2019, as follows: Mr. Thomas, \$75,000; and Mr. Mennen, \$37,697. The agreements also provide for the payment of cash retention bonuses in three installments based on specified percentages of awards made under our Annual Cash Incentive Plan (the "STI Plan"), contingent on the executive's remaining employed by the Company through the applicable payment date, as follows:

On March 31, 2020, a cash payment equal to 20% of the total STI Plan award paid for services in 2019, but not less than 12% or more than 20% of his 2019 STI target award.

On March 31, 2021, a cash payment equal to 30% of the total STI Plan award paid for services in 2020, but not less than 18% or more than 30% of his 2020 STI target award.

On March 31, 2022, a cash payment equal to 50% of the total STI Plan award paid for services in 2021, but not less than 30% or more than 50% of his 2021 STI target award.

Effective April 1, 2019, the Company also entered into an employment agreement with our new Chief Financial and Strategy Officer, Christine Perich. The agreement will expire on December 31, 2020, and provides for a base salary rate of \$290,000. Ms. Perich was paid a cash signing bonus in the amount of \$37,700 and received an award of

fully-vested shares of common stock with a value equal to \$65,250.

Pursuant to the agreement, Ms. Perich also received an award under the STI Plan in a target amount equal to 65% of her annual base salary level (prorated for the nine months ending December 31, 2019. If she remains employed through March 31, 2020, she will be entitled to a one-time, lump-sum cash retention bonus on that date equal to 65% of the cash STI bonus paid with respect to the nine months ending December 31, 2019, provided that such retention bonus will be not less than \$56,550 and not more than \$91,894.

On April 1, 2019, Ms. Perich was granted restricted stock units ("RSUs") under our 2014 Stock Incentive Plan for a number of shares with a value totaling \$125,063, based on the closing sale price of the common stock on February 21, 2019. The RSUs will vest as to approximately 13% of the award on March 31, 2020, 34.8% on December 31, 2020, and 52.2% on March 31, 2022; provided in each case that she remains employed through the applicable date. She was also granted PBAs under the 2014 Stock

Incentive Plan for a number of shares with a total value of \$304,500, based on the closing sale price of the common stock on February 21, 2019. The PBAs will vest as to approximately 16.7% in early 2020, 33.3% in early 2021, and 50% in early 2022; provided that payouts are tied to the achievement of the performance goals approved for performance share awards granted to the Company's other executive officers in 2017, 2018, and early 2019, respectively. Payouts are contingent on her continued employment through the specified settlement dates.

Each of our named executive officers (other than Edwin Smith), as well as Ms. Perich (in each case, an "executive"), is entitled to receive severance compensation as provided in his or her employment agreement. The severance arrangements will apply following termination of employment either by us, for any reason (except for "cause") or by the executive for "good reason." In the absence of a change in control of the Company, each executive will receive 12 monthly payments equal to his or her monthly base salary rate then in effect, plus a cash payment equal to the amount of health insurance premiums under COBRA for 12 months. An executive (other than Ms. Perich and any executives residing in California) would forfeit any unpaid severance payments if he or she becomes employed by a brewing or other company that the Company determines, in its reasonable discretion, is a competitor of the Company or the portion of the Company's business relating to alcoholic beverages. Receipt of severance compensation is also contingent on execution of a general release of all claims against us.

"Cause" is defined as engaging in conduct which has substantially and adversely impaired our interests, or would be likely to do so if the officer were to remain employed by us; engaging in fraud, dishonesty or self-dealing relating to, or arising out of, the officer's employment; violating any criminal law relating to the officer's employment or to us; engaging in conduct which constitutes a material violation of a significant company policy or our Code of Conduct and Ethics; or repeatedly refusing to obey lawful directions of the Board or our CEO.

"Good reason" is defined as the occurrence of one or more of the following events without the officer's consent: (i) a material reduction in authority, duties, or responsibilities as defined; or (ii) a material reduction in the authority, duties, or responsibilities of the person or persons to whom the officer reports. "Good reason" may also include relocation of the officer's workplace by more than a specified distance.

If an executive's employment is terminated after a change in control occurs, a single cash payment will be made within 45 days following termination in an amount equal to 18 months of base salary (24 months for Mr. Thomas), plus (x) an amount equal to the executive's target award under the STI Plan for the year in which the termination occurs and (y) an amount equal to the sum of COBRA health insurance premiums for the number of months specified above. A change in control will be deemed to occur upon the acquisition by a person or group of more than 50% of our outstanding stock; replacement of a majority of the directors during a 12-month period (unless endorsed by a majority of the existing directors); or acquisition by a person or group of assets representing at least 75% of the total gross fair market value of our assets.

Each of Messrs. Thomas and Mennen have also entered into an Employee Noncompetition and Nonsolicitation Agreement that will remain in effect until 12 months following termination of his employment for any reason, including after a change in control.

The agreements with Messrs. Thomas and Mennen and Ms. Perich also provide for acceleration of vesting of all unvested stock options and RSUs granted under one of the Company's stock incentive plans and held by the executive immediately prior to termination of employment following the occurrence of a change in control. The amount to be paid with respect to outstanding PBAs will be determined by the Committee in its reasonable discretion based on the pro rata portion of the performance period that has elapsed and the extent to which progress towards the applicable performance goals has been achieved, but in no event will the amount that is treated as earned and vested be less than 33% of the target amount of each outstanding award.

Mr. Smith has an employment agreement with the Company pursuant to which he generally will be entitled to cash severance payments upon termination of his employment totaling six times his monthly salary, plus a cash payment to cover six months of health benefits. If Mr. Smith's employment were terminated prior to the first anniversary of a change in control of the Company, with certain exceptions, he would be entitled to a cash severance payment upon termination of employment equal to 12 times his monthly salary plus the full amount of his target cash bonus for the year in which termination occurred, as well as a cash payment to cover 12 months of health benefits. The employment agreement terminates on June 30, 2019.

The following table quantifies the estimated potential cash severance benefits and the continuation of health benefits that would be provided if the employment of our named executive officers had been terminated as of December 31, 2018, in the absence of a change in control:

Name	Cash severance based on salary	Continuation of health benefits ⁽¹⁾	Total severance benefits
Andrew J. Thomas	\$475,000	\$ 13,491	\$488,491
Joseph Vanderstelt ⁽²⁾	—	—	—
J. Scott Mennen	270,530	13,491	284,021
Kenneth C. Kunze	271,600	18,257	289,857
Derek Y. Hahm	228,100	18,257	246,357
Edwin A. Smith	76,220	9,128	85,348

(1)Based on COBRA premium rates in effect as of January 1, 2019.

(2)Mr. Vanderstelt's employment terminated on July 13, 2018.

The following table quantifies the estimated potential benefits that would be provided if the employment of our named executive officers had been terminated as of December 31, 2018, following a change in control:

Name	Cash severance based on salary	Cash severance equal to target annual cash bonus	Acceleration of vesting of options and RSUs ⁽³⁾	Vesting of PBAs at the minimum level (33%) ⁽⁴⁾	Continuation of health benefits ⁽¹⁾	Total severance benefits
Andrew J. Thomas	\$950,000	\$356,250	\$ 559,940	\$ 288,809	\$ 26,982	\$2,181,981 ⁽⁵⁾
Joesph Vanderstelt ⁽²⁾	—	—	—	—	—	—
J. Scott Mennen	405,795	175,845	138,578	83,575	20,236	824,029 ⁽⁵⁾
Kenneth C. Kunze	407,400	176,540	—	—	27,385	611,325
Derek Y. Hahm	342,150	228,100	—	—	27,385	597,635
Edwin A Smith	152,440	38,110	—	—	18,257	208,807

(1)Based on COBRA premium rates in effect as of January 1, 2019.

(2)Mr. Vanderstelt's employment terminated on July 13, 2018.

Reflects acceleration of vesting under employment agreements effective January 1, 2019, based on the market value of unvested RSUs plus the difference (the “spread”) between the closing sale price of our common stock on December 31, 2018, of \$14.31 per share and the per share exercise price for unvested options. See “Outstanding Equity Awards at Year End 2018” above for additional information.

Reflects acceleration of vesting under employment agreements effective January 1, 2019; equals one-third of the market value of unvested PBAs on December 31, 2018. See “Outstanding Equity Awards at Year End 2018” above for additional information.

Subject to reduction to the extent necessary to avoid imposition of the excise tax imposed under Code Section 4999 on excess parachute payments as defined in Code Section 280G.

Other Benefits

Our employment letter agreements with our executive officers provide for participation in all of our employee benefit programs for which the executive officer is eligible, including our 401(k) plan. Under the 401(k) plan, the executive officer’s contributions may be made on a before-tax basis, subject to IRS limits. For 2018, we matched contributions to

the 401(k) plan on a 50% basis up to 6% of eligible compensation. Our matching contributions to the plan vest ratably over five years of service by the executive officer. Eligibility for the matching contribution begins after the executive officer has been employed a minimum of three months.

TRANSACTIONS WITH RELATED PERSONS

Statement of Policy Regarding Transactions with Related Persons

We have adopted a policy of not engaging in business transactions with our officers, directors, nominees for director, beneficial owners of more than 5% of our common stock and immediate family members or affiliates of the foregoing (each a “Related Person”) except upon terms that are fair and reasonable as determined in good faith by our Audit Committee. Nevertheless, we recognize that there may be situations where such transactions with a Related Person may be in, or may not be inconsistent with, the best interests of our shareholders. Therefore, we have adopted a Statement of Policy with respect to such related person transactions that guides the review and approval or ratification of these transactions.

Under the Statement of Policy, a “related person transaction” is a transaction between us and any Related Person, other than transactions available to all employees generally and transactions involving less than \$10,000 when aggregated with all similar transactions. The Audit Committee has been tasked with the review and approval of all related person transactions. The Audit Committee considers all relevant facts and circumstances available in making its determination as to a related person transaction, including (if applicable), but not limited to: the benefits to us; the impact on a director’s independence in the event the Related Person is a director, an immediate family member of a director or an entity which is owned or controlled in substantial part by a director; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. A copy of our Statement of Policy with respect to related person transactions is available on our website at www.craftbrew.com (select - Investors - Governance - Highlights).

Certain Transactions with Related Persons

Transactions with Anheuser-Busch, LLC (“A-B”), Ambev and Anheuser-Busch Worldwide Investments, LLC (“ABWI”) Transactions with A-B, Ambev and ABWI consisted of the following (in thousands):

	Year Ended December 31, 2018
Gross sales to A-B and Ambev	\$ 166,534
International distribution fee earned from ABWI	3,400
International distribution fee from ABWI, recorded as deferred revenue in Other accrued expenses	5,985
Margin fee paid to A-B, classified as a reduction of Sales	2,296
Inventory management and other fees paid to A-B, classified in Cost of sales	383
Media reimbursement from A-B, classified as a reduction of Selling, general and administrative expenses	500

Amounts due to or from A-B and ABWI were as follows (in thousands):

	December 31, 2018
Amounts due from A-B related to beer sales pursuant to the A-B distributor agreement	\$ 17,946
Amounts due from ABWI and A-B related to international distribution fee and media reimbursement	6,000
Refundable deposits due to A-B	(2,840)
Amounts due to A-B for services rendered	(5,140)
Net amount due from A-B and ABWI	\$ 15,966

See Note 19 to our audited financial statements included in our 2018 Form 10-K for additional information regarding our contractual arrangements with A-B, Ambev and ABWI.

Lease Arrangements

As a result of the merger with WBBC, we assumed several lease contracts with lessors whose members include the founders of WBBC, Kurt and Rob Widmer. We lease our headquarters office and banquet space located in Portland, Oregon from Smithson & McKay LLC, whose members include Kurt Widmer, Rob Widmer and Kristen Maier-Lenz, their sister. Although they disclaim group status, the three siblings collectively beneficially own approximately 5% of our outstanding common stock. The lease expires in 2034, with an extension, at our option, for two 10-year periods. We are responsible for taxes, insurance and maintenance associated with these leases. We paid lease rentals to Smithson & McKay LLC totaling \$70,000 for the year ended December 31, 2018. Rental payments under the lease are adjusted each year to reflect changes in the consumer price index (“CPI”). The lease payments during an extension period, if applicable, will be established at fair market levels at the beginning of each period. We hold a right to purchase these facilities at the greater of \$2.0 million or the appraised value of the property. The right to purchase is not valid in the final year of the lease term or in each of the final years of the renewal terms, as applicable.

We also lease our storage facilities and land located in Portland, Oregon, and certain equipment from Widmer Brothers LLC, whose members include Kurt and Rob Widmer. At the end of 2017, we extended our lease for a five-year period and at our option, we can extend the lease for one additional five-year period. We are responsible for taxes, insurance and maintenance associated with these leases. We paid lease rentals to Widmer Brothers LLC totaling \$94,000 for the year ended December 31, 2018. Rental payments under the leases are adjusted each year to reflect increases in the CPI. The lease payments during an extension period, if applicable, will be established at fair market levels at the beginning of each period.

We hold lease and sublease obligations for certain office space and the land underlying the brewery and pub location in Kona, Hawaii, with Manini Holdings, LLC, one of whose members is W. Cameron Healy, who beneficially owned 7.2% of our outstanding common stock from 2010 until March 25, 2019. The sublease contracts expire on various dates through 2020, with an extension, at our option, for two five-year periods. The rent during an extension period, if applicable, will be established at fair market levels at the beginning of each period. Lease payments to the lessor totaled \$611,000 for the year ended December 31, 2018. We are responsible for taxes, insurance and maintenance on the leased property.

PROPOSAL NO. 1 — ELECTION OF DIRECTORS

Eight directors will be elected at the Annual Meeting of Shareholders, to serve until the next Annual Meeting of Shareholders and until their successors are elected and qualified. As discussed under “Board of Directors” above, under our Amended and Restated Bylaws, there are eight positions on the Board. The following eight individuals have been nominated by the Board of Directors for election at the Annual Meeting of Shareholders: Timothy P. Boyle, Marc J. Cramer, Paul D. Davis, Kevin R. Kelly, Matthew E. Gilbertson, David R. Lord, Nickolas A. Mills and Jacqueline S. Woodward. All of the nominees are currently directors. The accompanying proxy will be voted for these nominees, except where authority to vote is withheld. The proxies cannot be voted for more than eight nominees. Shares held through a broker will only be voted in the election of directors if the shareholder provides specific voting instructions to the broker. Should any nominee be unable to serve, the persons named in the proxy may vote for any substitute designated by the Board. See “Who is entitled to vote?” on page 1 for an explanation of the cumulative voting provisions applicable to the election of directors.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE ELECTION OF THE NOMINEES NAMED IN PROPOSAL NO. 1.

PROPOSAL NO. 2 — RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has selected the firm of Moss Adams LLP (“Moss Adams”), independent registered public accountants, to audit our financial statements for the year ending December 31, 2019.

At the Annual Meeting of Shareholders, the shareholders are being asked to ratify the selection of Moss Adams as our independent registered public accounting firm for the year ending December 31, 2019. Representatives of Moss Adams will be present at the Annual Meeting of Shareholders and they will have an opportunity to make statements and will be available to respond to appropriate questions from shareholders.

If the votes in favor of the proposal do not exceed the votes against the proposal, the Audit Committee will reconsider the selection.

Fees Paid to the Independent Registered Public Accounting Firm

The following table presents fees billed, or to be billed, by Moss Adams for professional services rendered with respect to the years ended December 31, 2018 and 2017. All of these services were approved by the Audit Committee:

	2018	2017
Audit Fees ⁽¹⁾	\$502,328	\$424,275
Audit Related Fees	—	—
Tax Fees ⁽²⁾	16,400	43,905
All Other Fees	—	—
	\$518,728	\$468,180

- Audit fees generally include the audit of our annual financial statements, the review and certification of our compliance with the provisions of Section 404 of the Sarbanes-Oxley Act of 2002, reviews of the financial statements included in our Quarterly Reports on Form 10-Q and review of our periodic reports filed with the SEC.
- (1) Included in the 2017 amount are fees totaling \$29,570 for the review of our Registration Statement on Form S-3 and correspondence with the SEC concerning accounting issues. The amount shown for 2018 includes an estimated final billing of \$50,000.
- (2) Tax fees related to routine tax advice concerning federal, state, local and foreign tax matters.

Auditor Independence

In 2018, there were no professional services provided by Moss Adams that would have required the Audit Committee to consider their compatibility with maintaining the independence of Moss Adams.

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Audit Committee Policy on Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

The Audit Committee is responsible for appointing and overseeing the work of our independent registered public accounting firm. The Audit Committee has established the following procedures for the pre-approval of all audit and permissible non-audit services provided by the independent registered public accounting firm.

Before engagement of the independent registered public accounting firm for the next year's audit, the independent registered public accounting firm will submit a detailed description of services expected to be rendered during that year for each of the following categories of services to the Audit Committee for approval:

Audit services. Audit services include work performed for the audit of our financial statements and the review of financial statements included in our quarterly reports, as well as work that is normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings.

Audit related services. Audit related services are for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not covered above under "audit services."

Tax services. Tax services include all services performed by the independent registered public accounting firm's tax personnel for tax compliance, tax advice and tax planning.

Other services. Other services are those services not described in the other categories.

Before engagement, the Audit Committee pre-approves these services by category of service. The fees are budgeted and the Audit Committee requires the independent registered public accounting firm to report actual fees versus budgeted fees periodically throughout the year by category of service. During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval. In those instances, the services must be pre-approved by the Audit Committee before the independent registered public accounting firm is engaged.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE SELECTION OF MOSS ADAMS LLP.

**PROPOSAL NO. 3 — ADVISORY VOTE TO APPROVE
NAMED EXECUTIVE OFFICER COMPENSATION**

As required by Section 14A of the Exchange Act, shareholders must be given the opportunity to provide an advisory vote regarding the compensation of our named executive officers ("say-on-pay"). This advisory vote, while not binding on the Board or Compensation Committee, provides a means by which shareholders may confirm and approve the overall compensation package of the named executive officers. The vote is a vote to approve or disapprove the overall compensation package of the named executive officers, and does not provide for a vote on any one specific element of the compensation package or on the compensation received by any one person. Although not binding, the results of the vote will be taken into consideration when the Compensation Committee reviews the named executive officer compensation package in the future. For the past six years, we have conducted this advisory say-on-pay vote at each annual meeting of shareholders. At the 2018 annual meeting the shareholders again approved holding the say-on-pay vote annually by the affirmative vote of more than 14 million shares, and the Board determined that the say-on-pay vote will be held each year; the next say-on-pay vote will be held in 2020.

Our executive compensation programs are designed to align the interests of our executive management team with those of our shareholders, provide competitive compensation to attract and retain experienced executive talent, and reward achievement of our strategic goals and objectives, both short-term and long-term, while providing a meaningful portion of total compensation that is dependent on our overall financial performance, both short-term and long-term. In considering how to vote, we encourage you to carefully review the Compensation Discussion and Analysis section and related executive compensation tables, which outline the total compensation package and our compensation practices relative to our performance. We believe the compensation program for our named executive officers is appropriate for the following reasons:

- our executive compensation program is weighted more toward incentive compensation than fixed elements such as salary; and
- a significant portion of executive compensation is in the form of equity grants, with 70% in performance shares with a three-year performance cycle, and 30% in restricted stock units that vest in full approximately three years following the date of grant, as long as the officer continues to be employed by us, thus aligning the interests of our senior management with the long-term interests of our shareholders.

Accordingly, we are asking shareholders to approve the following non-binding advisory resolution:

“Resolved that, the compensation paid to our named executive officers as disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables, notes and narrative discussion included in the Proxy Statement for our 2019 Annual Meeting of Shareholders is approved.”

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE APPROVAL OF
THE ADVISORY RESOLUTION ON NAMED EXECUTIVE OFFICER COMPENSATION.**

OTHER MATTERS

We know of no other matters that are likely to be brought before the meeting. If, however, other matters that are not now known come before the meeting, the persons named in the enclosed proxy or their substitutes will vote such proxy in accordance with their discretion.

SHAREHOLDER PROPOSALS FOR 2020 ANNUAL MEETING

An eligible shareholder who desires to have a qualified proposal considered for inclusion in the Proxy Statement prepared in connection with our 2020 Annual Meeting of Shareholders must deliver a copy of the proposal to the Secretary of Craft Brew Alliance, Inc. at our principal executive offices, no later than December 13, 2019.

Proposals of shareholders that are not eligible for inclusion in the Proxy Statement and proxy for our 2020 Annual Meeting of Shareholders, or that concern one or more nominations for election as Directors at the meeting, must comply with the procedures, including minimum notice provisions, contained in our Amended and Restated Bylaws. Notice must be received by the Secretary of Craft Brew Alliance, Inc. by December 13, 2019. A copy of the pertinent provisions of the Bylaws is available upon request to Investor Relations, Craft Brew Alliance, Inc., 929 N. Russell Street, Portland, Oregon 97227.

SOLICITATION OF PROXIES

We will bear the expense of preparing, printing and distributing proxy materials to our shareholders. In addition to solicitations by mail, there may be incidental personal solicitation at nominal cost by directors, officers, employees or our agents. We will also reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in forwarding proxy materials to beneficial owners of our common stock for which they are record holders.

2018 ANNUAL REPORT AND ANNUAL REPORT ON FORM 10-K

A copy of our 2018 Annual Report, which includes our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC, is being mailed with this Proxy Statement to each shareholder of record. Shareholders not receiving a copy may obtain one without charge by mailing a request to Investor Relations, Craft Brew Alliance, Inc., 929 N. Russell Street, Portland, Oregon 97227. The 2018 Annual Report is also available at the web address shown on the Notice of Annual Meeting of Shareholders.

IT IS IMPORTANT THAT PROXIES ARE RETURNED PROMPTLY AND THAT YOUR SHARES ARE REPRESENTED. SHAREHOLDERS ARE URGED TO MARK, SIGN AND DATE THE ENCLOSED PROXY CARD AND MAIL IT PROMPTLY IN THE ENCLOSED RETURN ENVELOPE.

CRAFT BREW
ALLIANCE, INC.

/s/ David R. Lord
David R. Lord
Chairman of the Board

April 10, 2019
Portland, Oregon

