
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

Current Report
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 17, 2020

CRAFT BREW ALLIANCE, INC.

(Exact Name of Registrant as Specified in its Charter)

Washington
(State or Other Jurisdiction of
Incorporation)

0-26542
(Commission file number)

91-1141254
(I.R.S. Employer Identification
No.)

929 North Russell Street
Portland, OR 97227-1733
(Address of Principal Executive Offices, Zip Code)

(503) 331-7270
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities Registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.005 par value	BREW	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01. Entry into a Material Definitive Agreement.

On September 17, 2020, Craft Brew Alliance, Inc. (the “Company”), and Bank of America, N.A. (“BofA”), executed a Sixth Amendment (the “Amendment”) to the Amended and Restated Credit Agreement dated as of November 30, 2015 (the “Credit Agreement”), by and among the Company as borrower, its subsidiaries as guarantors, and BofA as lender. The primary change effected by the Amendment was to revise the financial covenants contained in Section 7.11 of the Credit Agreement.

The Credit Agreement provides for a \$45,000,000 reducing revolving facility, including a \$2,500,000 sublimit for the issuance of standby letters of credit, as well as a term loan facility in the amount of \$8,035,465 as of the date of this report. The maximum amount of the revolving facility is subject to loan commitment reductions in the amount of \$750,000 each quarter beginning March 31, 2021. The Company may use the proceeds of the credit facility for general corporate purposes, including capital expenditures. The term of the credit facility expires on September 30, 2023.

As amended, the Credit Agreement requires the Company to satisfy the following financial covenants: (i) on or after the earliest to occur of October 1, 2020 or the termination of that certain Agreement and Plan of Merger (the “A-B Merger”), dated as of November 11, 2019, by and among the Company, Barrel Subsidiary, Inc., and Anheuser-Busch Companies, LLC (“ABC”), a Consolidated Leverage Ratio of 3.50 to 1.00; (ii) on or after the earliest to occur of October 1, 2020 or the termination of the A-B Merger, a Consolidated Fixed Charge Coverage Ratio of 1.20 to 1.00; and (iii) on a trailing four-quarter basis at September 30, 2020, a minimum Consolidated EBITDA of \$3,000,000. Failure to maintain compliance with these covenants is an event of default and would give BofA the right to declare the entire outstanding loan balance immediately due and payable. Except as specifically amended by the Amendment, the Credit Agreement remains in full force and effect according to its terms.

The foregoing description of the Amendment is qualified in its entirety by reference to the full text of the Amendment, a copy of which is filed as Exhibit 10.1 to this report and is incorporated herein by reference.

Item 2.03. Creation of a Direct Finance Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in Item 1.01 of this report is by this reference incorporated in this Item 2.03.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On September 17, 2020, the Company entered into an amended and restated employment agreement (the “Employment Agreement”) and a retention award agreement (the “Retention Agreement”) with Kenneth C. Kunze, the Company’s Vice President and Chief Marketing Officer.

The Employment Agreement provides for a term ending on June 30, 2021. Under the agreement, Mr. Kunze is entitled to an annual base salary of \$285,000 per year, annual cash incentive compensation, health and other employee benefits and stock-based awards as approved by the Compensation Committee under the Company’s executive compensation program. The Employment Agreement also provides for participation in all of the Company’s employee benefit programs for which Mr. Kunze is eligible, including the Company’s 401(k) plan. Under the Employment Agreement, Mr. Kunze is entitled to severance equal to one year of base salary following termination of his employment by the Company without cause or by Mr. Kunze for good reason (each, a “Qualifying Termination”). The severance is payable in twelve equal monthly installments and is conditioned upon Mr. Kunze signing a general release in favor of the Company.

The Retention Agreement with Mr. Kunze provides for a retention bonus of \$149,500 payable to Mr. Kunze upon a Qualifying Termination on or after the closing of the A-B Merger and prior to the first anniversary of the A-B Merger.

Item 8.01. Other Events.

On September 18, 2020, the Company and ABC issued a joint press release announcing that the U.S. Department of Justice had agreed to clear the A-B Merger, subject to conditions outlined in a consent decree. A copy of this press release is filed pursuant to this Item 8.01 as Exhibit 99.1 to this report and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

The following exhibits are filed with this Form 8-K:

- [10.1](#) [Sixth Amendment to Amended and Restated Credit Agreement, dated September 17, 2020, by and among Craft Brew Alliance, Inc., its subsidiaries, and Bank of America, N.A.](#)
- [99.1](#) [Joint Press Release, dated September 18, 2020.](#)
- 104 Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CRAFT BREW ALLIANCE, INC.

Dated: September 21, 2020

By: /s/ Edwin A. Smith

Edwin A. Smith

Corporate Controller and Principal Accounting Officer

SIXTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS SIXTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment"), dated as of September 17, 2020, is by and among CRAFT BREW ALLIANCE, INC., a Washington corporation (the "Borrower"), the Guarantors party hereto, and BANK OF AMERICA, N.A., as lender (in such capacity, the "Lender"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement.

WITNESSETH

WHEREAS, the Borrower, the Subsidiaries of the Borrower from time to time party thereto (the "Guarantors"), and the Lender are parties to that certain Amended and Restated Credit Agreement, dated as of November 30, 2015 (as amended, modified, extended, restated, replaced, or supplemented from time to time in accordance with its terms, the "Credit Agreement");

WHEREAS, the Loan Parties have requested that the Lender amend certain provisions of the Credit Agreement; and

WHEREAS, the Lender is willing to make such amendments to the Credit Agreement in accordance with, and subject to, the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
AMENDMENTS

1.1 **Amendment to Section 7.11.** Section 7.11 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“(a) Consolidated Leverage Ratio. Commencing with the earlier to occur of (i) October 1, 2020 or (ii) the termination of the A-B Merger, as of the last day of any fiscal quarter during any Measurement Period, permit the Consolidated Leverage Ratio to be greater than 3.50 to 1.00.

(b) Consolidated Fixed Charge Coverage Ratio. Commencing with the earlier to occur of (i) October 1, 2020 or (ii) the termination of the A-B Merger, permit the Consolidated Fixed Charge Coverage Ratio at any time to be less than 1.20 to 1.00.

(c) Minimum Consolidated EBITDA. For the Measurement Period ending September 30, 2020, permit the Consolidated EBITDA as of the end of such Measurement Period to be less than \$3,000,000.”

ARTICLE II
CONDITIONS TO EFFECTIVENESS

2.1 **Closing Conditions.** This Amendment shall become effective as of the day and year set forth above (the "Amendment Effective Date") upon satisfaction of the following conditions (in each case, in form and substance reasonably acceptable to the Lender):

- (a) Executed Amendment. The Lender shall have received a copy of this Amendment duly executed by each of the Loan Parties and the Lender.
- (b) Fees and Expenses. The Lender shall have received from the Borrower other fees and expenses that are payable in connection with the consummation of the transactions contemplated hereby and Lender's legal counsel shall have received from the Borrower payment of all outstanding fees and expenses previously incurred and all fees and expenses incurred in connection with this Amendment.
- (c) Default. After giving effect to this Amendment, no Default or Event of Default shall exist.
- (d) Miscellaneous. All other documents and legal matters in connection with the transactions contemplated by this Amendment shall be reasonably satisfactory in form and substance to the Lender and its counsel.

**ARTICLE III
MISCELLANEOUS**

3.1 Amended Terms. On and after the Amendment Effective Date, all references to the Credit Agreement in each of the Loan Documents shall hereafter mean the Credit Agreement as amended by this Amendment. Except as specifically amended hereby or otherwise agreed, the Credit Agreement and the other Loan Documents are hereby ratified and confirmed, including the Liens granted thereunder, and shall remain in full force and effect according to its terms. For the avoidance of doubt, this Amendment shall not be deemed to prejudice any right or rights which the Borrower or the Lenders may now have or may have in the future under or in connection with the Consent, dated as of June 5, 2020, by and among the Borrower, the Guarantors and the Lender, as the same may be amended, restated, supplemented or modified from time to time.

3.2 Representations and Warranties of Loan Parties. Each of the Loan Parties represents and warrants as follows:

- (a) It has taken all necessary action to authorize the execution, delivery and performance of this Amendment.
- (b) This Amendment has been duly executed and delivered by such Person and constitutes such Person's legal, valid and binding obligation, enforceable in accordance with its terms, except as such enforceability may be subject to (i) bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).
- (c) No consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or third party is required in connection with the execution, delivery or performance by such Person of this Amendment.
- (d) The representations and warranties of the Borrower and each other Loan Party contained in Article II of the Credit Agreement, Article V of the Credit Agreement or made in any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, are (i) with respect to representations and warranties that contain a materiality qualification, true and correct on and as of the date of the Amendment Effective Date and (ii) with respect to representations and warranties that do not contain a materiality qualification, true and correct in all material respects on and as of the date of the Amendment Effective Date, except that for purposes of this Section 3.2(d), (x) the representations and warranties contained in Sections 5.05(a) and (b) of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to Sections 6.01(a) and (b) of the Credit Agreement, respectively and (y) the temporary closure of the Loan Parties' brewpub locations and other operational disruptions affecting the Loan Parties, in each case as a direct result of the COVID-19 pandemic, shall not be deemed to constitute a Material Adverse Effect (or account for any portion thereof) under clause (a) of the definition thereof.

(e) After giving effect to this Amendment, no event has occurred and is continuing which constitutes a Default or an Event of Default.

(f) The Collateral Documents continue to create a valid security interest in, and Lien upon, the Collateral, in favor of the Lender, for the benefit of the Lender, which security interests and Liens are perfected in accordance with the terms of the Collateral Documents and prior to all Liens other than Permitted Liens.

(g) Except as specifically provided in this Amendment, the Obligations are not reduced or modified by this Amendment and are not subject to any offsets, defenses or counterclaims.

3.3 Reaffirmation of Obligations. Each Loan Party hereby ratifies the Credit Agreement and each other Loan Document to which it is a party and acknowledges and reaffirms (a) that it is bound by all terms of the Credit Agreement and each other Loan Document applicable to it and (b) that it is responsible for the observance and full performance of its respective Obligations.

3.4 Loan Document. This Amendment shall constitute a Loan Document under the terms of the Credit Agreement.

3.5 Expenses. The Loan Parties agree to pay all reasonable out-of-pocket expenses incurred by the Lender and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Lender), in connection with the preparation, negotiation, execution and delivery and administration of this Amendment.

3.6 Further Assurances. The Loan Parties agree to promptly take such action, upon the request of the Lender, as is necessary to carry out the intent of this Amendment.

3.7 Entirety. This Amendment and the other Loan Documents embody the entire agreement among the parties hereto and supersede all prior agreements and understandings, oral or written, if any, relating to the subject matter hereof.

3.8 Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amendment by fax transmission or e-mail transmission (*e.g.*, “pdf” or “tif”) shall be effective as delivery of a manually executed counterpart of this Amendment.

3.9 No Actions, Claims, Etc. As of the date hereof, each of the Loan Parties hereby acknowledges and confirms that it has no knowledge of any actions, causes of action, claims, demands, damages and liabilities of whatever kind or nature, in law or in equity, against the Lender or the Lender’s respective officers, employees, representatives, agents, counsel or directors arising from any action by such Persons, or failure of such Persons to act under the Credit Agreement on or prior to the date hereof.

3.10 GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OREGON.

3.11 Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

3.12 Dispute Resolution; Waiver of Jury Trial. The dispute resolution and waiver of jury trial provisions set forth in Section 9.14 of the Credit Agreement are hereby incorporated by reference, *mutatis mutandis*.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have caused this Amendment to be duly executed on the date first above written.

BORROWER:

CRAFT BREW ALLIANCE, INC., as the Borrower

By: /s/ Andrew J. Thomas

Name: Andrew J. Thomas

Title: Chief Executive Officer

GUARANTORS:

KONA BREWERY LLC, as a Guarantor

By: /s/ Andrew J. Thomas

Name: Andrew J. Thomas

Title: Manager

CRAFT VENTURES, LLC, as a Guarantor

By: Craft Brew Alliance, Inc., its Manager

By: /s/ Andrew J. Thomas

Name: Andrew J. Thomas

Title: Chief Executive Officer

WYNWOOD BREWING COMPANY LLC, as a Guarantor

By: /s/ Andrew J. Thomas

Name: Andrew J. Thomas

Title: Manager

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LENDER:

BANK OF AMERICA, N.A., as Lender

By: /s/ Michael Snook

Name: Michael Snook

Title: Senior Vice President

Craft Brew Alliance, Inc.
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Signature Page



**CRAFT BREW ALLIANCE AND ANHEUSER-BUSCH PARTNERSHIP CLEARED
BY U.S. DEPT. OF JUSTICE**

Expansion of 25-year relationship between brewing companies nears closure

PORTLAND, Ore. AND NEW YORK // SEPT. 18, 2020 – Today, Craft Brew Alliance (“CBA”) (Nasdaq: BREW) and Anheuser-Busch (“A-B”) announced that they have entered into an agreement with the United States Department of Justice that is an important next step toward the closing of the proposed expanded partnership between CBA and A-B. The companies’ agreement with the U.S. Department of Justice comes after CBA shareholder approval of the proposed expanded partnership and CBA and A-B’s decision to sell CBA’s Kona Brewing operations in Hawaii to PV Brewing Partners.

“This latest milestone brings us one step closer to officially joining the Brewers Collective family,” said Andy Thomas, CEO of CBA. “We look forward to combining our resources, talented teammates, and dynamic brands as we continue nurturing the growth of CBA’s existing portfolio and investing in innovation to meet the changing needs of today’s beverage consumers, all while delivering certainty of value to our shareholders.”

“The beer industry in the U.S. is competitive and dynamic, with more choices available to consumers than ever before,” said Marcelo “Mika” Michaelis, president, Brewers Collective, Anheuser-Busch. “CBA’s diverse portfolio of national lifestyle brands and award-winning regional breweries are an excellent complement to our family of craft partners and would continue to help fuel the growth of the craft beer category.”

Closing of the combination is expected to occur in the coming weeks. In connection with the closing, CBA shareholders will receive \$16.50 in cash per share of Craft Brew Alliance common stock, as previously announced.

ABOUT CRAFT BREW ALLIANCE

CBA is a leading craft brewing company that brews, brands, and brings to market world-class American craft beers.

Our distinctive portfolio combines the power of Kona Brewing Company, a dynamic, fast-growing national craft beer brand, with strong regional breweries and innovative lifestyle brands: Appalachian Mountain Brewery, Cisco Brewers, Omission Brewing Co., Redhook Brewery, Square Mile Cider Co., Widmer Brothers Brewing, and Wynwood Brewing Co. CBA nurtures the growth and development of its brands in today’s increasingly competitive beer market through our state-of-the-art brewing and distribution capability, integrated sales and marketing infrastructure, and strong focus on innovation, partnerships, and local community.

Formed in 2008, CBA is headquartered in Portland, Oregon and operates breweries and brewpubs across the U.S. CBA beers are available in all 50 U.S. states and 30 different countries around the world. For more information about CBA and our brands, please visit www.craftbrew.com.

ABOUT ANHEUSER-BUSCH

For more than 165 years, Anheuser-Busch has carried on a legacy of brewing great-tasting, high-quality beers that have satisfied beer drinkers for generations. Today, we own and operate more than 100 facilities, including breweries, wholesaler distribution centers, agricultural facilities and packaging plants, and have more than 18,000 colleagues across the United States. We are home to several of America's most recognizable beer brands, including Budweiser, Bud Light, Michelob ULTRA and Stella Artois, as well as a number of regional brands that provide beer drinkers with a choice of the best-tasting craft beers in the industry. From responsible drinking programs and emergency drinking water donations to industry-leading sustainability efforts, we are guided by our unwavering commitment to supporting the communities we call home. For more information, visit www.anheuser-busch.com or follow Anheuser-Busch on LinkedIn, Twitter, Facebook and Instagram.

ABOUT BREWERS COLLECTIVE

Brewers Collective, a business unit of Anheuser-Busch, is on a mission to energize how people view, consume and experience beer by sharing our joy of brewing. We have an unwavering devotion to our beer, brands, people and communities, and are on a continued pursuit of making the next beer our best one yet. We believe that quality is not an exception, innovation is a standard, and that everyone is welcome within the world of beer. Brewers Collective encourages everyone to drink responsibly, hydrate and get a safe ride home when needed.

Contact:

Jenny McLean, Craft Brew Alliance
jenny.mclean@craftbrew.com

Laura Ballantyne, Brewers Collective, craft business unit of Anheuser-Busch
Laura.Ballantyne@brewerscollective.com

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