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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For The Quarterly Period Ended March 31, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _______________ to ______________

Commission File Number 0-26542

CRAFT BREW ALLIANCE, INC.
(Exact name of registrant as specified in its charter)

Washington	**91-1141254**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

929 North Russell Street
Portland, Oregon 97227
(Address of principal executive offices)

(503) 331-7270
(Registrant's telephone number, including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large Accelerated Filer ☐	Accelerated Filer ☒
Non-accelerated Filer ☐ (Do not check if a smaller reporting company)	Smaller Reporting Company ☐

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

The number of shares of the registrant's common stock outstanding as of April 28, 2015 was 19,127,999.

CRAFT BREW ALLIANCE, INC.
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CRAFT BREW ALLIANCE, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Dollars in thousands, except per share amounts)

	March 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 1,056	$ 981
Accounts receivable, net	14,190	11,741
Inventory, net	23,833	18,971
Deferred income tax asset, net	2,443	1,670
Other current assets	4,404	4,413
Total current assets	45,926	37,776
Property, equipment and leasehold improvements, net	110,690	110,350
Goodwill	12,917	12,917
Intangible and other assets, net	17,270	17,558
Total assets	$ 186,803	$ 178,601
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 18,026	$ 12,987
Accrued salaries, wages and payroll taxes	5,202	5,114
Refundable deposits	7,759	8,152
Other accrued expenses	1,870	2,316
Current portion of long-term debt and capital lease obligations	1,130	1,157
Total current liabilities	33,987	29,726
Long-term debt and capital lease obligations, net of current portion	18,493	13,720
Fair value of derivative financial instruments	632	503
Deferred income tax liability, net	18,536	18,570
Other liabilities	700	665
Total liabilities	72,348	63,184
Commitments and contingencies		
Common shareholders' equity:		
Common stock, $0.005 par value. Authorized 50,000,000 shares; issued and outstanding 19,115,396 and 19,115,396	96	96
Additional paid-in capital	138,671	138,391
Accumulated other comprehensive loss	(391)	(312)
Accumulated deficit	(23,921)	(22,758)
Total common shareholders' equity	114,455	115,417
Total liabilities and common shareholders' equity	$ 186,803	$ 178,601

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

CRAFT BREW ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Sales	$ 44,619	$ 47,017
Less excise taxes	2,910	3,191
Net sales	41,709	43,826
Cost of sales	30,547	31,986
Gross profit	11,162	11,840
Selling, general and administrative expenses	12,953	12,062
Operating loss	(1,791)	(222)
Interest expense	(121)	(101)
Other income (expense), net	6	(6)
Loss before income taxes	(1,906)	(329)
Income tax benefit	(743)	(128)
Net loss	$ (1,163)	$ (201)
Basic and diluted net loss per share	$ (0.06)	$ (0.01)
Shares used in basic and diluted per share calculations	19,115	18,976

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

CRAFT BREW ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2015	2014
Net loss	$ (1,163)	$ (201)
Unrealized loss on derivative hedge transactions, net of tax	(79)	(148)
Comprehensive loss	$ (1,242)	$ (349)

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

CRAFT BREW ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Cash flows from operating activities:		
Net loss	$ (1,163)	$ (201)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,288	2,096
Loss on sale or disposal of Property, equipment and leasehold improvements	215	23
Deferred income taxes	(757)	(326)
Stock-based compensation	280	171
Excess tax benefit from employee stock plans	-	(93)
Other	(140)	(293)
Changes in operating assets and liabilities:		
Accounts receivable, net	(2,449)	336
Inventories	(4,491)	(1,353)
Other current assets	9	(645)
Accounts payable and other accrued expenses	4,409	2,228
Accrued salaries, wages and payroll taxes	88	322
Refundable deposits	(149)	268
Net cash provided by (used in) operating activities	(1,860)	2,533
Cash flows from investing activities:		
Expenditures for Property, equipment and leasehold improvements	(3,228)	(2,352)
Proceeds from sale of property, equipment and leasehold improvements	385	-
Net cash used in investing activities	(2,843)	(2,352)
Cash flows from financing activities:		
Principal payments on debt and capital lease obligations	(122)	(152)
Net borrowings under revolving line of credit	4,900	-
Proceeds from issuances of common stock	-	46
Excess tax benefit from employee stock plans	-	93
Net cash provided by (used in) financing activities	4,778	(13)
Increase in cash and cash equivalents	75	168
Cash and cash equivalents:		
Beginning of period	981	2,726
End of period	$ 1,056	$ 2,894
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 148	$ 124
Cash paid for income taxes, net	40	74
Supplemental disclosure of non-cash information:		
Purchases of Property, equipment and leasehold improvements included in Accounts payable at end of period	$ 819	$ 508

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

CRAFT BREW ALLIANCE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Basis of Presentation

The accompanying consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2014 (“2014 Annual Report”). These consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") have been condensed or omitted pursuant to such rules and regulations. These consolidated financial statements are unaudited but, in the opinion of management, reflect all material adjustments necessary to present fairly our consolidated financial position, results of operations and cash flows for the periods presented. All such adjustments were of a normal, recurring nature. The results of operations for such interim periods are not necessarily indicative of the results of operations for the full year.

Note 2. Recent Accounting Pronouncements

ASU 2015-03
In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (“ASU”) No. 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. The amendments in this ASU require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The amendments are effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The amendments are to be applied on a retrospective basis, wherein the balance sheet of each individual period presented is adjusted to reflect the period-specific effects of applying the new guidance. We do not expect the adoption of ASU 2015-03 to have a material effect on our financial position, results of operations or cash flows.

ASU 2015-02
In February 2015, the FASB issued ASU No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis, which is intended to improve targeted areas of consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures (collateralized debt obligations, collateralized loan obligations, and mortgage-backed security transactions). The ASU focuses on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. In addition to reducing the number of consolidation models from four to two, the new standard simplifies the FASB Accounting Standards Codification and improves current U.S. GAAP by placing more emphasis on risk of loss when determining a controlling financial interest, reducing the frequency of the application of related-party guidance when determining a controlling financial interest in a variable interest entity (“VIE”), and changing consolidation conclusions for companies in several industries that typically make use of limited partnerships or VIEs. The ASU will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. We do not expect the adoption of ASU 2015-02 to have a material effect on our financial position, results of operations or cash flows.

ASU 2015-01
In January 2015, the FASB issued ASU No. 2015-01, “Income Statement - Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items.” This ASU eliminates from U.S. GAAP the concept of extraordinary items. ASU 2015-01 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. We do not expect the adoption of ASU 2015-01 to have a material effect on our financial position, results of operations or cash flows.

ASU 2014-17
In November 2014, the FASB issued ASU No. 2014-17, “Business Combinations (Topic 805): Pushdown Accounting.” This ASU provides an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. An acquired entity may elect the option to apply pushdown accounting in the reporting period in which the change-in-control event occurs. If pushdown accounting is applied to an individual change-in-control event, that election is irrevocable. ASU 2014-17 was effective on November 18, 2014. The adoption of ASU 2014-17 did not have any effect on our financial position, results of operations or cash flows.

ASU 2014-16
In November 2014, the FASB issued ASU 2014-16, “Derivatives and Hedging (Topic 815).” ASU 2014-16 addresses whether the host contract in a hybrid financial instrument issued in the form of a share should be accounted for as debt or equity. ASU 2014-16 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. We do not currently have issued, nor are we investors in, hybrid financial instruments. Accordingly, we do not expect the adoption of ASU 2014-16 to have any effect on our financial position, results of operations or cash flows.

ASU 2014-15
In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements - Going Concern (Subtopic 205-40)". ASU 2014-15 provides guidance related to management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosure. ASU 2014-15 is effective for annual periods ending after December 15, 2016, and for interim and annual periods thereafter. Early application is permitted. We do not expect the adoption of ASU 2014-15 to have a material effect on our financial position, results of operations or cash flows.

ASU 2014-12
In June 2014, the FASB issued ASU No. 2014-12, “Compensation – Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period.” This ASU requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. ASU 2014-12 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. We do not expect the adoption of ASU 2014-12 to have a material effect on our financial position, results of operations or cash flows.

ASU 2014-09
In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606).” ASU 2014-09 affects any entity using U.S. GAAP that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). ASU 2014-09 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. We are still evaluating the effect of the adoption of ASU 2014-09. On April 1, 2015, the FASB voted to propose to defer the effective date of the new revenue recognition standard by one year.

ASU 2014-08
In April 2014, the FASB issued ASU No. 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360) and Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." ASU 2014-08 amends the definition for what types of asset disposals are to be considered discontinued operations, as well as amending the required disclosures for discontinued operations and assets held for sale. ASU 2014-08 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2014. The adoption of ASU 2014-08 did not have any effect on our financial position, results of operations or cash flows.

Note 3. Cash and Cash Equivalents

We maintain cash balances with financial institutions that may exceed federally insured limits. We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. As of March 31, 2015 and December 31, 2014, we did not have any cash equivalents.

Under our cash management system, we utilize a controlled disbursement account to fund cash distribution checks presented for payment by the holder. Checks issued but not yet presented to banks may result in overdraft balances for accounting purposes. As of March 31, 2015 and December 31, 2014, there were no bank overdrafts. Changes in bank overdrafts from period to period are reported in the Consolidated Statements of Cash Flows as a component of operating activities within Accounts payable and other accrued expenses.

Note 4. Inventories

Inventories, except for pub food, beverages and supplies, are stated at the lower of standard cost or market. Pub food, beverages and supplies are stated at the lower of cost or market.

We regularly review our inventories for the presence of obsolete product attributed to age, seasonality and quality. If our review indicates a reduction in utility below the product's carrying value, we reduce the product to a new cost basis. We record the cost of inventory for which we estimate we have more than a twelve-month supply as a component of Intangible and other assets, net on our Consolidated Balance Sheets.

Inventories consisted of the following (in thousands):

	March 31, 2015	December 31, 2014
Raw materials	$ 5,204	$ 4,414
Work in process	3,740	2,781
Finished goods	11,614	8,986
Packaging materials	1,264	627
Promotional merchandise	1,402	1,531
Pub food, beverages and supplies	609	632
	$ 23,833	$ 18,971

Work in process is beer held in fermentation tanks prior to the filtration and packaging process.

Note 5. Related Party Transactions

Transactions with Anheuser-Busch, LLC ("A-B")
Transactions with A-B consisted of the following (in thousands):

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Gross sales to A-B	$ 35,666	$ 38,452
Margin fee paid to A-B, classified as a reduction of Sales	538	600
Inventory management and other fees paid to A-B, classified in Cost of sales	90	93

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

	March 31, 2015	December 31, 2014
Amounts due from A-B related to beer sales pursuant to the A-B distributor agreement	$ 9,240	$ 7,846
Refundable deposits due to A-B	(2,516)	(2,629)
Amounts due to A-B for services rendered	(1,908)	(1,821)
Net amount due from A-B	$ 4,816	$ 3,396

Operating Leases
We lease our headquarters office space, restaurant and storage facilities located in Portland, Oregon, as well as the land and certain equipment, from two limited liability companies, both of whose members include our current Board Chair and a nonexecutive officer. Lease payments to these lessors were as follows (in thousands):

Three Months Ended March 31,	
2015	2014
$ 30	$ 32

We hold lease and sublease obligations for certain office space and the land underlying the brewery and pub location in Kailua-Kona, Hawaii, with a company whose owners include a shareholder who owns more than 5% of our common stock. The sublease contracts expire on various dates through 2020, with an extension at our option for two five-year periods. Lease payments to this lessor were as follows (in thousands):

Three Months Ended March 31,	
2015	2014
$ 132	$ 110

Note 6. Derivative Financial Instruments

Interest Rate Swap Contract
Our risk management objectives are to ensure that business and financial exposures to risk that have been identified and measured are minimized using the most effective and efficient methods to reduce, transfer and, when possible, eliminate such exposures. Operating decisions contemplate associated risks and management strives to structure proposed transactions to avoid or reduce risk whenever possible.

We have assessed our vulnerability to certain business and financial risks, including interest rate risk associated with our variable-rate long-term debt. To mitigate this risk, effective January 23, 2014, we entered into an interest rate swap contract with Bank of America, N.A. (“BofA”) for 75% of the Term Loan balance, to hedge the variability of interest payments associated with our variable-rate borrowings under our Term Loan with BofA. The current swap contract terminates on September 29, 2023, and had a total notional value of $7.7 million as of March 31, 2015. Through this swap agreement, we pay interest at a fixed rate of 2.86% and receive interest at a floating-rate of the one-month LIBOR, which was 0.18% at March 31, 2015. Since the interest rate swap hedges the variability of interest payments on variable rate debt with similar terms, it qualifies for cash flow hedge accounting treatment. As of March 31, 2015, unrealized net losses of $632,000 were recorded in Accumulated other comprehensive loss as a result of this hedge. The effective portion of the gain or loss on the derivative is reclassified into Interest expense in the same period during which we record Interest expense associated with the Term Loan. There was no hedge ineffectiveness during the first quarter of 2015 or 2014.

The fair value of our derivative instrument is as follows (in thousands):

Fair Value of Derivative Instrument

	March 31, 2015	December 31, 2014
Fair value of interest rate swap	$ (632)	$ (503)

The effect of our interest rate swap contract that was accounted for as a derivative instrument on our Consolidated Statements of Operations for the three-month periods ended March 31, 2015 and 2014 was as follows (in thousands):

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in Accumulated OCI (Effective Portion)	Location of Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Loss Reclassified from Accumulated OCI into Income (Effective Portion)
Three Months Ended March 31,			
2015	$ (128)	**Interest expense**	$ 52
2014	$ (239)	**Interest expense**	$ 41

See also Note 7.

Note 7. Fair Value Measurements

Factors used in determining the fair value of our financial assets and liabilities are summarized into three broad categories:

- Level 1 – quoted prices in active markets for identical securities as of the reporting date;
- Level 2 – other significant directly or indirectly observable inputs, including quoted prices for similar securities, interest rates, prepayment speeds and credit risk; and
- Level 3 – significant inputs that are generally less observable than objective sources, including our own assumptions in determining fair value.

The factors or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following tables summarize liabilities measured at fair value on a recurring basis (in thousands):

Fair Value at March 31, 2015	Level 1	Level 2	Level 3	Total
Interest rate swap	$ -	$ (632)	$ -	$ (632)
Fair Value at December 31, 2014				
Interest rate swap	$ -	$ (503)	$ -	$ (503)

We did not have any assets measured at fair value on a recurring basis at March 31, 2015 or December 31, 2014.

The fair value of our interest rate swap was based on quarterly statements from the issuing bank. There were no changes to our valuation techniques during the first quarter of 2015.

We believe the carrying amounts of Cash, Accounts receivable, Other current assets, Accounts payable, Accrued salaries, wages and payroll taxes, and Other accrued expenses are a reasonable approximation of the fair value of those financial instruments because of the nature of the underlying transactions and the short-term maturities involved.

We had fixed-rate debt outstanding as follows (in thousands):

	March 31, 2015	December 31, 2014
Fixed-rate debt on balance sheet	$ 1,396	$ 1,456
Estimated fair value of fixed-rate debt.	$ 1,448	$ 1,513

We calculate the estimated fair value of our fixed-rate debt using a discounted cash flow methodology. Using estimated current interest rates based on a similar risk profile and duration (Level 2), the fixed cash flows are discounted and summed to compute the fair value of the debt.

Note 8. Segment Results and Concentrations

Our chief operating decision maker monitors net sales and gross margins of our Beer Related operations and our Pubs operations. Beer Related operations include the brewing operations and related beer sales of our Widmer Brothers, Redhook, Kona and Omission beer brands, as well as our Square Mile cider brand. Pubs operations primarily include our pubs, some of which are located adjacent to our Beer Related operations. We do not track operating results beyond the gross margin level or our assets on a segment level.

Net sales, Gross profit and gross margin information by segment was as follows (dollars in thousands):

	Three Months Ended March 31,		
2015	**Beer Related**	**Pubs**	**Total**
Net sales	$ 35,558	$ 6,151	$ 41,709
Gross profit	$ 10,566	$ 596	$ 11,162
Gross margin	29.7%	9.7%	26.8%
2014			
Net sales	$ 37,814	$ 6,012	$ 43,826
Gross profit	$ 11,047	$ 793	$ 11,840
Gross margin	29.2%	13.2%	27.0%

The segments use many of the same assets. For internal reporting purposes, we do not allocate assets by segment and, therefore, no asset by segment information is provided to our chief operating decision maker.

In preparing this financial information, certain expenses were allocated between the segments based on management estimates, while others were based on specific factors such as headcount. These factors can have a significant impact on the amount of gross profit for each segment. While we believe we have applied a reasonable methodology, assignment of other reasonable cost allocations to each segment could result in materially different segment gross profit.

Sales to wholesalers through the A-B Distributor Agreement represented the following percentage of our Sales:

Three Months Ended March 31,	
2015	**2014**
78.7%	80.5%

Receivables from A-B represented the following percentage of our Accounts receivable balance:

March 31, 2015	December 31, 2014
65.1%	66.8%

Note 9. Significant Stock-Based Plan Activity and Stock-Based Compensation

Stock-Based Compensation Expense

Stock-based compensation expense was recognized in our Consolidated Statements of Operations as follows (in thousands):

	Three Months Ended March 31,	
	2015	2014
Selling, general and administrative expense	$ 251	$ 154
Cost of sales	29	17
Total Stock-based compensation expense	$ 280	$ 171

At March 31, 2015, we had total unrecognized stock-based compensation expense of $2.5 million, which will be recognized over the weighted average remaining vesting period of 3.3 years.

Note 10. Earnings Per Share

Because we were in a loss position for all periods presented, there is no difference between the number of shares used for the basic and diluted per share calculations.

	Three Months Ended March 31,	
	2015	2014
Stock-based awards not included in diluted per share calculations as they would be antidilutive (in thousands)	165	126

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This quarterly report on Form 10-Q includes forward-looking statements. Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will," "may," "plan" and similar expressions or their negatives identify forward-looking statements, which generally are not historical in nature. These statements are based upon assumptions and projections that we believe are reasonable, but are by their nature inherently uncertain. Many possible events or factors could affect our future financial results and performance, and could cause actual results or performance to differ materially from those expressed, including those risks and uncertainties described in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014 ("2014 Annual Report"), and those described from time to time in our future reports filed with the Securities and Exchange Commission (the "SEC"). Caution should be taken not to place undue reliance on these forward-looking statements, which speak only as of the date of this quarterly report.

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and Notes thereto included herein, as well as the audited Consolidated Financial Statements and Notes and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our 2014 Annual Report. The discussion and analysis includes period-to-period comparisons of our financial results. Although period-to-period comparisons may be helpful in understanding our financial results, we believe that they should not be relied upon as an accurate indicator of future performance.

Overview

Craft Brew Alliance is a leading craft brewing company that brews, brands and markets some of the world's most respected and best-loved American craft beers.

The company is home to three of the earliest pioneers in craft beer: Redhook Ale Brewery, Washington's largest craft brewery founded in 1981; Widmer Brothers Brewing, Oregon's largest craft brewery founded in 1984; and Kona Brewing Company, Hawaii's oldest and largest craft brewery founded in 1994. As part of Craft Brew Alliance, these craft brewing legends have expanded their reach across the U.S. and more than 15 international markets.

In addition to growing and nurturing distinctive brands rooted in local heritage, Craft Brew Alliance is committed to developing innovative new category leaders, such as Omission Beer, which is the #1 beer in the gluten free beer segment, and Square Mile Cider, a tribute to the early American settlers who purchased the first plots of land in the Pacific Northwest.

Publicly traded on NASDAQ under the ticker symbol BREW, Craft Brew Alliance is headquartered in Portland, Oregon and operates five breweries and five pub restaurants across the U.S.

We proudly brew our craft beers in four company-owned breweries located in Portland, Oregon; the Seattle suburb of Woodinville, Washington; Portsmouth, New Hampshire; and Kailua-Kona, Hawaii; and one brewery in Memphis, Tennessee owned by our brewing partner. Additionally, we own and operate two small innovation breweries, primarily used for small batch production and innovative brews, in Portland, Oregon and Portsmouth, New Hampshire.

We distribute our beers to retailers through independent wholesalers that are aligned with the Anheuser-Busch, LLC (“A-B”) network. These sales are made pursuant to a Master Distributor Agreement (the “A-B Distributor Agreement”) with A-B. As a result of this distribution arrangement, we believe that, under alcohol beverage laws in a majority of states, these wholesalers would own the exclusive right to distribute our beers in their respective markets if the A-B Distributor Agreement expires or is terminated. Kona, Redhook and Widmer Brothers beers are distributed in all 50 states. Omission Beer continues to expand into new markets in the U.S. and internationally, while Square Mile Cider is currently available in 10 states in the West. Separate from our A-B wholesalers, we maintain an internal independent sales and marketing organization with resources across the key functions of brand management, field marketing, field sales, and national retail sales.

We operate in two segments: Beer Related operations and Pubs operations. Beer Related operations include the brewing, and domestic and international sales, of craft beers and ciders from our breweries. Pubs operations primarily include our five pubs, four of which are located adjacent to our Beer Related operations, as well as other merchandise sales, and sales of our beers directly to customers.

Following is a summary of our financial results:

Three Months Ended March 31,	Net Sales	Net Loss	Number of Barrels Sold
2015	$41.7 million	$(1.2) million	167,700
2014	$43.8 million	$(0.2) million	182,800

Results of Operations

The following table sets forth, for the periods indicated, certain information from our Consolidated Statements of Operations expressed as a percentage of Net sales(1):

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Sales	107.0%	107.3%
Less excise tax	7.0	7.3
Net sales	100.0	100.0
Cost of sales	73.2	73.0
Gross profit	26.8	27.0
Selling, general and administrative expenses	31.1	27.5
Operating loss	(4.3)	(0.5)
Interest expense	(0.3)	(0.2)
Other income (expense), net	0.0	0.0
Loss before income taxes	(4.6)	(0.8)
Income tax benefit	(1.8)	(0.3)
Net loss	(2.8)%	(0.5)%

(1) Percentages may not add due to rounding.

Segment Information

Net sales, gross profit and gross margin information by segment was as follows (dollars in thousands):

	Three Months Ended March 31,		
2015	**Beer Related**	**Pubs**	**Total**
Net sales	$ 35,558	$ 6,151	$ 41,709
Gross profit	$ 10,566	$ 596	$ 11,162
Gross margin	29.7%	9.7%	26.8%
2014			
Net sales	$ 37,814	$ 6,012	$ 43,826
Gross profit	$ 11,047	$ 793	$ 11,840
Gross margin	29.2%	13.2%	27.0%

Sales by Category

The following table sets forth a comparison of sales by category (dollars in thousands):

Sales by Category	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Dollar Change	% Change
A-B and A-B related	$ 35,128	$ 37,852	$ (2,724)	(7.2)%
Contract brewing and beer related(1)	3,340	3,153	187	5.9%
Excise taxes	(2,910)	(3,191)	281	(8.8)%
Net beer related sales	35,558	37,814	(2,256)	(6.0)%
Pubs(2)	6,151	6,012	139	2.3%
Net sales	$ 41,709	$ 43,826	$ (2,117)	(4.8)%

(1) Beer related includes international beer sales.
(2) Pubs sales include sales of promotional merchandise and sales of beer directly to customers.

Shipments by Category

Shipments by category were as follows (in barrels):

Three Months Ended March 31,	2015 Shipments	2014 Shipments	Increase (Decrease)	% Change	Change in Depletions(1)
A-B and A-B related	151,400	167,300	(15,900)	(9.5)%	1%
Contract brewing and beer related(2)	14,200	13,100	1,100	8.4%	
Pubs	2,100	2,400	(300)	(12.5)%	
Total	167,700	182,800	(15,100)	(8.3)%	

(1) Change in depletions reflects the year-over-year change in barrel volume sales of beer by wholesalers to retailers.
(2) Contract brewing and beer related includes international shipments of our beers.

The decrease in sales to A-B and A-B related in the three-month period ended March 31, 2015 compared to the same period of 2014 was primarily due to reductions in our wholesaler inventory levels in the first quarter of 2015. During the same period of 2014, wholesalers were building inventory levels in response to low levels at the end of 2013. The decrease in sales to A-B and A-B related was also influenced by delays in promotional activity to the second quarter of 2015 compared to the activity in the first quarter of 2014. The decrease in sales was partially offset by an increase in pricing and a shift in package mix from draft to packaged, which has a higher selling price per barrel than draft.

The increase in Contract brewing and beer related sales in the three-month period ended March 31, 2015 compared to the same period of 2014 was primarily due to an increase in international shipments of our beers, which sell at a higher rate per barrel than contract brewing sales, as we expanded into additional countries, partially offset by a decline in our contract brewing sales.

Pubs sales increased in the three-month period ended March 31, 2015 compared to the same period of 2014, primarily as a result of higher guest counts at the Kona Pub in Kailua-Kona, Hawaii which has higher revenue per guest than the Redhook and Widmer Brothers pubs, which experienced lower guest counts. The increase in pub sales was partially offset by the closure of the Redhook Pub in Portsmouth, New Hampshire for seven days due to inclement weather, and the closure of Kona Pub on the island of Oahu for three weeks for a full remodel, during the three-month period ended March 31, 2015. The Kona Pub re-opened at the end of February 2015. The increase in Pubs sales was partially offset by the decrease in beer shipment volume through our Pubs.

The decrease in excise taxes in the three-month period ended March 31, 2015 compared to the same period of 2014 was due to the decrease in shipments.

Shipments by Brand

The following table sets forth a comparison of shipments by brand (in barrels):

Three Months Ended March 31,	2015 Shipments	2014 Shipments	Increase (Decrease)	% Change	Change in Depletions
Kona	63,200	63,800	(600)	(0.9)%	9%
Redhook	42,500	50,600	(8,100)	(16.0)%	(10)%
Widmer Brothers	42,000	47,900	(5,900)	(12.3)%	(3)%
Omission	10,800	9,900	900	9.1%	33%
Total(1)	158,500	172,200	(13,700)	(8.0)%	1%

(1) Total shipments by brand include international shipments and exclude shipments produced under our contract brewing arrangements.

The decrease in our Kona brand shipments in the three-month period ended March 31, 2015 compared to the same period of 2014 was primarily due to decreases in Koko Brown and Longboard Lager, partially offset by increases in Big Wave Golden Ale and Castaway IPA.

The decrease in our Redhook brand shipments in the three-month period ended March 31, 2015 compared to the same period of 2014 was primarily due to decreases in Longhammer IPA and Audible Ale, partially offset by an increase related to the introduction of Seedy Blonde.

The decrease in our Widmer Brothers brand shipments in the three-month period ended March 31, 2015 compared to the same period of 2014 was primarily due to decreases in Hefeweizen draft, Columbia Commons, and Alchemy Ale, partially offset by an increase in Hopside Down IPL. Hefeweizen packaged has stabilized and benefitted from the introduction of the new Hefeweizen packaging in collaboration with the Portland Timbers.

The increase in our Omission brand shipments in the three-month period ended March 31, 2015 compared to the same period of 2014 was primarily due to the continued success of, and demand for, both the Lager and the Pale Ale styles.

For each of the brand families discussed above, shipments lagged depletions for the first three months of 2015 as a result of reductions in our wholesaler inventory levels. During the same period of 2014, wholesalers were building inventory levels in response to low levels at the end of 2013.

Shipments by Package

The following table sets forth a comparison of our shipments by package, excluding shipments produced under our contract brewing arrangements (in barrels):

Three Months Ended March 31,	2015		2014	
	Shipments	% of Total	Shipments	% of Total
Draft	39,500	24.9%	45,300	26.3%
Packaged	119,000	75.1%	126,900	73.7%
Total	158,500	100.0%	172,200	100.0%

The shift in package mix from draft to packaged in the three-month period ended March 31, 2015 compared to the same period of 2014 was primarily the result of our Kona brand family becoming a larger share of our overall shipments by brand family, and the growth of Omission, as both of those brand families are more heavily weighted to packaged sales.

Cost of Sales

Cost of sales includes purchased raw and component materials, direct labor, overhead and shipping costs.

Information regarding Cost of sales was as follows (dollars in thousands):

	Three Months Ended March 31,		Dollar	
	2015	2014	Change	% Change
Beer Related	$ 24,992	$ 26,767	$ (1,775)	(6.6)%
Pubs	5,555	5,219	336	6.4%
Total	$ 30,547	$ 31,986	$ (1,439)	(4.5)%

The decrease in Beer Related Cost of sales in the three-month period ended March 31, 2015 compared to the same period of 2014 was primarily due to the decrease in shipment volume and more favorable distribution costs per barrel. The decrease in Cost of sales was partially offset by an increase in brewery costs per barrel at our owned breweries, and the mix shift from draft to packaged beers, as the cost per barrel of packaged beer is higher than draft.

Pubs Cost of sales increased in the three-month period ended March 31, 2015 compared to the same period of 2014, primarily due to increases in Sales and employee related costs.

Capacity utilization is calculated by dividing total shipments from our owned breweries by the approximate working capacity of these breweries and was as follows:

	Three Months Ended March 31,	
	2015	2014
Capacity utilization	58%	68%

In June 2014, we initiated full-scale brewing with our brewing partner in Memphis, Tennessee. This partnership provides us scalable capacity and we anticipate producing up to 100,000 barrels at this location in 2015.

Gross Profit

Information regarding Gross profit was as follows (dollars in thousands):

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Dollar Change	% Change
Beer Related	$ 10,566	$ 11,047	$ (481)	(4.4)%
Pubs	596	793	(197)	(24.8)%
Total	$ 11,162	$ 11,840	$ (678)	(5.7)%

Gross profit as a percentage of net sales, or gross margin, was as follows:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Beer Related	29.7%	29.2%
Pubs	9.7%	13.2%
Overall	26.8%	27.0%

The decrease in gross profit in the three-month period ended March 31, 2015 compared to the same period of 2014 was primarily due to the decrease in shipment volume and higher owned-brewery costs per barrel. The decrease was partially offset by favorable pricing increases and lower distribution costs per barrel.

The increase in the Beer Related gross margin rate in the three-month period ended March 31, 2015 compared to the same period of 2014 was primarily due to favorable selling price increases and lower distribution costs per barrel. The increase was partially offset by higher brewery costs per barrel, as well as the mix shift from draft to packaged beers.

The decrease in the Pubs gross margin rate in the three-month period ended March 31, 2015 compared to the same period of 2014 was due to the closure of our Kona Pub on the island of Oahu for three weeks for a full remodel, as well as our Redhook Pub in Portsmouth, New Hampshire closure for seven days due to inclement weather.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") include compensation and related expenses for our sales and marketing activities, management, legal and other professional and administrative support functions.

Information regarding SG&A was as follows (dollars in thousands):

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Dollar Change	% Change
	$ 12,953	$ 12,062	$ 891	7.4%
As a % of Net sales	31.1%	27.5%		

The increase in SG&A for the three-month period ended March 31, 2015 compared to the same period of 2014 was primarily due to an increase in employee related costs, as well as planned increases in sales and marketing spending. SG&A increased as a percentage of Net sales in the three-month period ended March 31, 2015 compared to the same period of 2014 primarily due to the decrease in our Net sales.

Interest Expense

Information regarding Interest expense was as follows (dollars in thousands):

Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Dollar Change	% Change
$ 121	$ 101	$ 20	19.8%

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Average debt outstanding	$ 18,152	$ 11,667
Average interest rate	1.53%	2.06%

The increase in Interest expense in the three-month period ended March 31, 2015 compared to the same period of 2014 was primarily due to the increase in our average debt outstanding.

Income Tax Provision

Our effective income tax rate was 39.0% for the first three months of 2015 and 38.9% in the first three months of 2014. The effective income tax rates reflect the impact of non-deductible expenses (primarily meals and entertainment expenses), state and local taxes, tax credits, and income excluded from taxation under the domestic production activities exclusion.

Liquidity and Capital Resources

We have required capital primarily for the construction and development of our production breweries, to support our expansion and growth plans, and to fund our working capital needs. Historically, we have financed our capital requirements through cash flows from operations, bank borrowings and the sale of common and preferred stock. We anticipate meeting our obligations for the twelve months beginning April 1, 2015 primarily from cash flows generated from operations and borrowing under our line of credit facility as the need arises. Capital resources available to us at March 31, 2015 included $1.1 million of Cash and cash equivalents and $14.1 million available under our line of credit facility.

We had $11.9 million of working capital and our debt as a percentage of total capitalization (total debt and common shareholders' equity) was 14.6% at March 31, 2015.

A summary of our cash flow information was as follows (dollars in thousands):

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Cash flows provided by (used in) operating activities	$ (1,860)	$ 2,533
Cash flows used in investing activities	(2,843)	(2,352)
Cash flows provided by (used in) financing activities	4,778	(13)
Increase in Cash and cash equivalents	$ 75	$ 168

Cash used in operating activities of $1.9 million in the first three months of 2015 resulted from our Net loss of $1.2 million, net non-cash expenses of $1.9 million and changes in our operating assets and liabilities as discussed in more detail below.

Accounts receivable, net, increased $2.5 million to $14.2 million at March 31, 2015 compared to $11.7 million at December 31, 2014. This increase was primarily due to a $1.4 million increase in our receivable from A-B, which totaled $9.2 million at March 31, 2015. Historically, we have not had collection problems related to our accounts receivable.

Inventories increased $4.8 million to $23.8 million at March 31, 2015 compared to $19.0 million at December 31, 2014, primarily to support an expected increase in shipment volume.

Accounts payable increased $5.0 million to $18.0 million at March 31, 2015 compared to $13.0 million at December 31, 2014, primarily due to increased inventory purchases to support our expected increased level of sales.

As of March 31, 2015, we had the following net operating loss carryforwards ("NOLs") and federal credit carry forwards available to offset payment of future income taxes:

- state NOLs of $104,000, tax-effected; and
- federal alternative minimum tax ("AMT") credit carry forwards of $332,000.

We anticipate that we will utilize the remaining NOLs and federal AMT credit carry forwards in the near future and, accordingly, once utilized, we will be required to satisfy all of our income tax obligations with cash.

Capital expenditures of $3.2 million in the first three months of 2015 were primarily directed to beer production capacity and efficiency improvements and Pubs remodeling. As of March 31, 2015, we had an additional $0.8 million of expenditures recorded in Accounts payable on our Consolidated Balance Sheets, compared to $0.6 million at December 31, 2014. We anticipate capital expenditures of approximately $17 million to $21 million in 2015 primarily for capacity and efficiency improvements, quality initiatives and restaurant and retail. Beginning in 2015, we will be investing approximately $10 million in our Oregon Brewery to expand capacity to 750,000 barrels per year, with expected completion in the first half of 2017. Also beginning in 2015 through expected completion in early 2017, we will be investing approximately $15 million in our Hawaiian Brewery to expand capacity to 100,000 barrels per year. Both of these projects are included in the anticipated capital expenditures of $17 million to $21 million in 2015. We also anticipate total capital expenditures of $17 million to $21 million in 2016, including spending for the expansion projects.

We have a loan agreement (as amended, the "Loan Agreement") with Bank of America, N.A., which consists of a $22.0 million revolving line of credit ("Line of Credit"), including provisions for cash borrowings and up to $2.5 million notional amount of letters of credit, and a $10.3 million term loan ("Term Loan"). We may draw upon the Line of Credit for working capital and general corporate purposes until expiration on October 31, 2018. The maturity date of the Term Loan is September 30, 2023. At March 31, 2015, we had $7.9 million of borrowings outstanding under the Line of Credit and $10.3 million outstanding under the Term Loan.

Critical Accounting Policies and Estimates

Our financial statements are based upon the selection and application of significant accounting policies that require management to make significant estimates and assumptions. Judgments and uncertainties affecting the application of these policies may result in materially different amounts being reported under different conditions or using different assumptions. Our estimates are based upon historical experience, market trends and financial forecasts and projections, and upon various other assumptions that management believes to be reasonable under the circumstances at various points in time. Actual results may differ, potentially significantly, from these estimates.

Our critical accounting policies, as described in our 2014 Annual Report, relate to goodwill, indefinite-lived intangible assets, long-lived assets, refundable deposits on kegs, revenue recognition and deferred taxes. There have been no changes to our critical accounting policies since December 31, 2014.

Seasonality

Our sales generally reflect a degree of seasonality, with the first and fourth quarters historically exhibiting low sales levels compared to the second and third quarters. Accordingly, our results for any particular quarter are not likely to be indicative of the results to be achieved for the full year.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

Recent Accounting Pronouncements

See Note 2 of Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in our reported market risks and risk management policies since the filing of our 2014 Annual Report on Form 10-K, which was filed with the SEC on March 4, 2015.

Item 4. Controls and Procedures

Disclosure Controls and Procedures
Our management, including our Chief Executive Officer and our Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) or 15d-15(e)) under the Securities Exchange Act of 1934 ("Exchange Act") as of the end of the period covered by this Report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. While reasonable assurance is a high level of assurance, it does not mean absolute assurance. Disclosure controls and internal control over financial reporting cannot prevent or detect all errors, misstatements or fraud. In addition, the design of a control system must recognize that there are resource constraints, and the benefits associated with controls must be proportionate to their costs.

Changes in Internal Control Over Financial Reporting
During the first quarter of 2015, no changes in our internal control over financial reporting were identified in connection with the evaluation required by Exchange Act Rule 13a-15 or 15d-15 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1A.Risk Factors

There have been no changes in our reported risk factors and no new risk factors have been identified since the filing of our 2014 Annual Report on Form 10-K, which was filed with the SEC on March 4, 2015.

Item 6. Exhibits

The following exhibits are filed herewith and this list is intended to constitute the exhibit index:

10.1	Form of Performance Share Award Agreement for Executive Officers
10.2	Letter of Employment Agreement between the Registrant and Joseph K. Vanderstelt dated April 27, 2015
10.3	Letter of Confidentiality/Propriety Information and Noncompetition Agreement between the Registrant and Joseph K. Vanderstelt dated April 27, 2015
31.1	Certification of Chief Executive Officer of Craft Brew Alliance, Inc. pursuant to Exchange Act Rule 13a-14(a)
31.2	Certification of Chief Financial Officer of Craft Brew Alliance, Inc. pursuant to Exchange Act Rule 13a-14(a)
32.1	Certification pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350
99.1	Press Release dated May 6, 2015
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase 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 thereunto duly authorized.

	CRAFT BREW ALLIANCE, INC.
May 6, 2015	BY: /s/ Joseph K. Vanderstelt
	Joseph K. Vanderstelt *Chief Financial Officer*

Exhibit 10.1

FORM OF PERFORMANCE SHARE AWARD AGREEMENT

THIS PERFORMANCE SHARE AWARD AGREEMENT (this "Agreement") is entered into effective as of _______, 20__ (the "Grant Date"), by **CRAFT BREW ALLIANCE, INC.**, a Washington corporation (the "Company"), and _______________________________ (the "Participant").

RECITALS

A. The Company has adopted the 2014 Stock Incentive Plan (the "Plan"). Capitalized terms that are used but not defined in this Agreement will have the meanings given those terms in the Plan.

B. The Committee has designated the Participant to receive an Award of Performance Units (referred to in this Agreement as Performance Shares) under the Plan.

NOW, THEREFORE, the Company and the Participant agree as follows:

1. Performance Share Award. The Company grants to the Participant an Award (the "Award") in a target amount of ______ shares of Common Stock (the "Performance Shares") for the period beginning on the Grant Date and ending on March 31, 20__ (the "Performance Period"). The actual number of Performance Shares that will be issued to the Participant pursuant to this Agreement will be determined as described in Section 2 below, based on the actual results of the Company for the three fiscal years ending December 31, 20__ (the "Measurement Period"). The Award is subject to all of the provisions of the Plan and the terms and conditions specified in this Agreement.

2. Performance Goals.

a. The Performance Shares earned pursuant to the Award will vest on the last day of the Performance Period specified above (the "Vesting Date"), subject to the written certification by the Committee of the achievement of the Performance Goals set forth on Attachment A and the Participant's continued employment through the Vesting Date. The number of Performance Shares, if any, that may be earned based on achievement of the Performance Goals will be as set forth below, subject to the Flex set forth in Section 2b for performance above or below 100% of the respective Performance Goal.

Percentage of Award Earned Relative to Each Performance Goal:

Performance Goal	% of Award Earned

b. The number of Performance Shares to be vested and issued pursuant to the Award will be determined as set forth below (the "Flex"):

i. To the extent that achievement of a given Performance Goal is below 100% of the target level shown on Attachment A, the number of Performance Shares to be vested and issued will be reduced ratably by ___% for each 1% of shortfall up to a maximum downward adjustment of ___% for ________ and ___% for ________. If achievement of a given Performance Goal is below the minimum threshold shown on Attachment A, no Performance Shares will vest with respect to that goal.

ii. To the extent that achievement of a given Performance Goal is above 100% of the target level shown on Attachment A, the number of Performance Shares to be vested and issued will be increased ratably by ___% for each 1% of overachievement, with a maximum upward adjustment of ___% for _______ and ___% for ________. In no event will the total number of Performance Shares issued under the Award exceed 125% of the target amount specified in Section 1 above.

3. Settlement of Award. The Award will be settled on a settlement date selected by the Committee as soon as practicable after the end of the Performance Period, and in no case later than 30 days following the Vesting Date, by the delivery to the Participant of an unrestricted certificate for all the Performance Shares vested under this Agreement.

4. Other Documents. The Participant will be required to furnish to the Company such other documents or representations as the Company may require to assure compliance with applicable laws and regulations as a condition of the Company's obligation to issue any Performance Shares.

5. Forfeiture. Except to the extent otherwise determined by the Committee in its sole discretion pursuant to the provisions of Section 10 of the Plan, the Participant's rights in all Performance Shares subject to this Agreement that have not vested will be forfeited, and the Award will be canceled and the Participant will not receive any Performance Shares or other payment with respect to the Award, upon termination of the Participant's employment (or business relationship) with the Company and its Affiliates for any reason prior to the Vesting Date. On the Vesting Date, any Performance Shares subject to the Award that have not vested will be forfeited.

6. Clawback/Recovery. Any compensation paid to the Participant under this Award may be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or quoted or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law, including the Sarbanes-Oxley Act of 2002. Participant agrees to promptly repay any such compensation as directed by the Company under any such clawback.

7. Capitalization Adjustments. Capitalization adjustments to the Performance Shares, if any, will be made as required by Section 10.1 of the Plan.

8. **Rights as Shareholder.** Prior to the issuance of Performance Shares in settlement of the Award, the Participant will have no rights as a shareholder of the Company with respect to the Award or the Performance Shares.

9. **Tax Withholding and Reimbursement.** Participant must satisfy all federal, state and local tax withholding obligations relating to the settlement of the Award. The Participant may, by written notice to the Company which complies with any applicable timing restrictions imposed pursuant to Rule 16b-3 under the Exchange Act, elect to have withholding taxes satisfied by withholding shares from the shares of Common Stock otherwise issuable to the Participant in settlement of the Award; provided that the Committee may rescind this right by notice to the Participant not less than three months prior to the Vesting Date. In no event will the amount withheld exceed the minimum amount of tax required to be withheld by law in connection with settlement of the Award. To the extent Participant does not otherwise satisfy such withholding obligations, the Company is authorized to require the Participant to remit to the Company, or to withhold from the Participant's other compensation, any withholding and payroll taxes imposed on the Company in connection with or with respect to the settlement of the Award.

10. **Entire Agreement; Amendments; Binding Effect.** This Agreement, together with the Plan, constitutes the entire agreement and understanding between the Company and the Participant regarding the subject matter hereof. Except as permitted by the Plan, no amendment of the Award or this Agreement, or waiver of any provision of this Agreement or the Plan, shall be valid unless in writing and duly executed by the Company and the Participant. The failure of any party to enforce any of that party's rights against the other party for breach of any of the terms of this Agreement or the Plan shall not be construed as a waiver of such rights as to any continued or subsequent breach. This Agreement shall be binding upon the Participant and his or her heirs, successors and assigns.

11. **Code Section 409A.** This Agreement is intended to be exempt from the requirements of Code Section 409A by reason of all payments under this Agreement being "short-term deferrals" within the meaning of Treas. Reg. § 1.409A-1(b)(4). All provisions of this Agreement shall be interpreted in a manner consistent with preserving this exemption.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

"Company"	**CRAFT BREW ALLIANCE, INC.**
	By ______________________________
	[Name]
	[Title]
"Participant"	______________________________

Exhibit 10.2

CBA Executive Officer Employment Agreement
April 27, 2015

Joseph Vanderstelt
Craft Brew Alliance, Inc.
929 North Russell Street
Portland, OR 97227

Dear Joe:

This letter sets forth our understanding about your employment with Craft Brew Alliance, Inc. (the "Company"), as its Chief Financial Officer, effective April 27, 2015 (the "Effective Date"). This letter supersedes and replaces any prior offer letter or other agreement regarding your employment by the Company as of the Effective Date, other than the Employee Confidentiality/ Proprietary Information and Non-Competition Agreement of even date, which will also be binding and effective in accordance with its terms.

Your employment is "at-will," which means you or the Company may end the employment relationship at any time. Our mutual agreement regarding your salary, severance, and other benefits and obligations is set forth below.

Compensation and Benefits

As of the Effective Date, your annual base salary rate is $250,000 (before standard tax withholdings and other payroll deductions). Your base salary level will be reviewed annually for adjustment by the Compensation Committee of the Company's Board of Directors (the "Board"), with salary adjustments, if any, generally made effective as of January 1. In addition, you are entitled to participate in all of the Company's employee benefit programs for which you are eligible, including long-term incentive awards approved by the Compensation Committee for executive officers from time to time.

You will be eligible for an annual bonus payable following certification of the Company's financial results for the prior fiscal year under the Company's Annual Cash Incentive Plan. Your target bonus amount for 2015 is 55% of your base salary rate and will be prorated based on the period from the Effective Date through December 31, 2015. The bonus target amount in future years will be determined by the Compensation Committee. All or a portion of target bonus amounts may be conditioned upon achieving certain performance targets approved by the Compensation Committee or the Board. You must remain employed through the payment date to be eligible for a bonus; except that, solely for your 2015 target annual bonus, if you are terminated by the Company, other than for cause, at any time prior to the date of payment of annual bonuses for 2015 to executive officers of the Company, you will receive the portion of your annual bonus that the Compensation Committee determines in good faith to have been earned based on your achievement of such performance targets, prorated based on your days of service during the 2015 calendar year, and payable at such time as the annual bonus is paid to other participants in the Annual Cash Incentive Plan, and in no event later than March 15 of the year after the year of termination.

Joseph Vanderstelt
Craft Brew Alliance, Inc.
929 North Russell Street
Portland, OR 97227

You will also be eligible to participate in the Long Term Incentive Program under the terms and conditions of that program. Your target incentive potential for the awards granted in 2015 is 75% of your base salary rate.

You will be paid a relocation reimbursement at the executive level package in the fixed amount of $59,000, payable within 60 days following the Effective Date. If you voluntarily terminate your employment with the Company before April 27, 2017, for any reason other than a "good reason" (as defined below), you will repay the full amount of relocation reimbursement. You will provide copies of invoices and other statements showing your actual relocation expenses, up to $59,000, to the Company.

You will be paid a signing bonus of $50,000, grossed-up for taxes, in two installments as follows: $25,000 paid on the first payroll date on or after July 27, 2015, and $25,000 paid on the first payroll date on or after April 27, 2016, provided that you remain employed through each date.

You will accrue 25 days of Paid Time Off ("PTO") at a rate of 7.69 hours bi-weekly in addition to the 10 assigned paid holidays observed by the Company.

Severance

In the event that your employment with the Company is terminated by the Company for any reason other than "for cause" or terminated by you due to "good reason," the Company will provide you with severance benefits payable based on your weekly base salary rate in effect at the date of termination for a period of time (the "Severance Period") as follows: Commencing on the day following termination, two weeks' severance will be payable in accordance with the Company's normal payroll schedule for each full year of service with the Company; provided that in no event shall the Severance Period be less than 6 months or more than 12 months.

In addition, the Company will promptly make a cash payment to you in an amount equal to 100% of your unused PTO hours accrued through the date of termination in accordance with the provisions of the Company's PTO Plan then in effect.

If you become entitled to severance benefits under this agreement, the Company will also continue to provide you, for the Severance Period, payment in an amount equal to the premiums payable under COBRA for the same or equivalent health benefits as were being provided to you at the time of termination; provided, however, that such payments shall terminate in the event you find new employment.

Joseph Vanderstelt
Craft Brew Alliance, Inc.
929 North Russell Street
Portland, OR 97227

For purposes of this letter, "for cause" means that (i) you have engaged in conduct which has substantially and adversely impaired the interests of the Company, or would be likely to do so if you were to remain employed by the Company; (ii) you have engaged in fraud, dishonesty or self-dealing relating to or arising out of your employment with the Company; (iii) you have violated any criminal law relating to your employment or to the Company; (iv) you have engaged in conduct which constitutes a material violation of a significant Company policy or the Company's Code of Ethics, including, without limitation, violation of policies relating to discrimination, harassment, use of drugs and alcohol and workplace violence; or (v) you have repeatedly refused to obey lawful directions of the Board or the Company's Chief Executive Officer.

For purposes of this letter, "good reason" means the occurrence of one or more of the following events without your consent: (a) a material reduction in your authority, duties, or responsibilities as the Company's Chief Financial Officer; (b) a material reduction in the authority, duties, or responsibilities of the person or persons to whom you report (including, if applicable, a requirement that you report to a Company officer or employee instead of reporting directly to the Board); or (c) a relocation of your principal office to a location that is more than 100 miles from Portland, Oregon; provided, however, that "good reason" shall only be deemed to have occurred if: (i) within 90 days after the initial existence of the circumstances constituting "good reason," you provide the Company with a written notice describing such circumstances, (ii) the Company fails to cure the circumstances within 30 days after the Company receives your notice, and (iii) you terminate your employment with the Company and all the members of the Company's controlled group within 90 days following the date of your notice.

For purposes of this letter, a termination of your employment will be deemed to occur only when or if there has been a "separation from service" as such term is defined in Treasury Regulation Section 1.409A-1(h).

If, during the Severance Period, you become employed or associated with a brewing or other company that the Company determines, in its reasonable discretion, is a competitor of the Company or Anheuser-Busch, Inc., your severance payments and benefits under this letter agreement will terminate as of the effective date of such employment or association.

The total amount of severance payments and benefits (except benefits designated as "short-term deferral" payments or as described in Treasury Regulation Sections 1.409A-1(a)(5) or 1.409A-1(b)(9)(v)) provided to you pursuant to this letter agreement shall not exceed two times the lesser of (i) the sum of your annualized compensation based upon your annual salary in the year preceding the year in which your employment is terminated (adjusted for any increase during that year that was expected to continue indefinitely if your employment had not terminated) or (ii) the applicable dollar limit under Section 401(a)(17) of the Internal Revenue Code for the calendar year in which your employment is terminated.

The severance payments and other benefits under this letter are intended to be exempt from the requirements of Section 409A of the Internal Revenue Code by reason of all payments under this letter agreement being either "short-term deferrals" within the meaning of Treasury Regulation Section 1.409A-1(b)(4) or separation pay due to involuntary separation from service under Treasury Regulation Section 1.409A-1(b)(9)(iii). All provisions of this letter shall be interpreted in a manner consistent with preserving these exemptions.

The Company will require you to execute an appropriate general release of claims that you may have relating to your employment at the Company and termination of your employment as a condition to your receipt of any severance payments or other benefits other than those required by law or provided to employees generally. If such general release of claims is not executed within 30 days following the date your employment with the Company is terminated, all severance payments and other benefits payable after such 30-day period will be forfeited, and you agree to repay any severance payments, and the value of other benefits, paid to you during such period.

Code of Conduct

By your signature below, you agree to comply with the Company's Code of Conduct and Ethics as in effect from time to time, and to be subject to the Company's policies and procedures in effect from time to time for senior executives of the Company.

We appreciate your continued efforts on behalf of the Company and look forward to having you as a member of our team for years to come.

Sincerely,

/s/Andrew J. Thomas
Andrew J. Thomas
Chief Executive Officer

Acknowledged and Agreed:

/s/Joseph K. Vanderstelt
Joseph Vanderstelt
Date: April 27, 2015

Exhibit 10.3

EMPLOYEE CONFIDENTIALITY/PROPRIETARY INFORMATION AND NONCOMPETITION AGREEMENT

In consideration of and as a condition of the granting of employment to Joseph Vanderstelt ("Employee") with Craft Brew Alliance, Inc. ("Company"), Employee agrees as follows:

1. Covenant Not to Compete. At all times during Employee's employment and for a period of six (6) months from the date of Employee's voluntary termination of employment or termination of employment by Company for cause (as defined in Employee's CBA Executive Officer Employment Agreement dated April 27, 2015), Employee will not:

a. Directly or indirectly engage either individually or in any capacity for any other person or entity in the manufacture, distribution, or sale of beer or malt beverages or in any other business that competes in any way with the business of Company anywhere in the United States;

b. Directly or indirectly solicit, divert, or accept orders for products or services that are substantially competitive with the products or services offered by Company from any customer of Company; or

c. Directly or indirectly induce or attempt to induce any supplier of Company to cease doing business with Company or to do business with any other person or entity engaged in any business that competes in any way with the business of Company;

provided, however, that the restrictions set forth in this paragraph shall not prevent Employee from engaging in any of the above-listed activities (other than to divert orders for products or services directed to Company or to induce or attempt to induce any supplier of Company to cease doing business with Company) for any manufacturer of beer or malt beverage products that has an annual production of such products exceeding 1,000,000 barrels in the full calendar year (or its fiscal year if different) immediately preceding Employee's termination.

2. Covenant Not To Hire Or Solicit Other Employees. Subject to applicable state law requirements, Employee will not during Employee's employment and for a period of two (2) years after termination of Employee's employment employ in any business competitive with or otherwise similar to that of Company's any current employee of Company or any employee of Company whose employment with Company terminated within the previous thirty (30) days, nor will Employee otherwise solicit or induce or attempt to solicit or induce any current employee of Company to terminate his or her employment with Company for any reason.

3. Confidentiality. Employee agrees, both during Employee's employment and after termination of Employee's employment, to protect and preserve as confidential and to not disclose to any person or entity or use any and all Confidential Information, as defined below, acquired during Employee's employment with Company. "Confidential Information" is defined as: financial information related to the operation of Company's business; all formulas, recipes, and procedures relating to the brewing of Company's beer, ales, and malt beverage products and all information related to such brewing; Company's unique marketing plans; and the preferences of Company's customers, but does not include information considered part of the public domain, information that Employee knew before receiving it from Company, or information that is required to be disclosed by judicial or administrative proceedings after Employee diligently tries to avoid each disclosure and notifies and affords Company the opportunity to obtain assurance that compelled disclosures will receive confidential treatment.

4. No Violation of Other Obligations. Employee certifies that working for Company does not violate any contractual obligations Employee owes to any third party. Employee agrees to not disclose to Company or use during Employee's employment any trade secrets or other confidential information of any third party without that party's consent. Employee acknowledges that Company wishes Employee to abide strictly by the terms of valid and enforceable obligations Employee has to prior employers. Employee agrees to inform Employee's manager/supervisor whenever Employee believes a task Employee is to perform for Company could jeopardize Employee's ability to abide by those obligations.

5. Indemnification of Defense Costs and Payment in Case of Injunction. If Employee is made a party or threatened to be made a party to any action, suit, or proceeding, initiated by Employee's prior employer, MILLERCOORS LLC, alleging that Employee has violated any contractual obligation that Employee owes to MILLERCOORS LLC, Company will indemnify Employee or will advance on Employee's behalf, as relevant, any legal fees and other reasonable costs of defense of such action, suit, or proceeding. If Employee is enjoined from continuing to provide services to Company during the pendency of such action, suit, or proceeding, Company will pay Employee his monthly base salary, together with an amount equal to premiums for the same or equivalent health benefits as were being provided to Employee at the time such injunction was initiated, for a period of time equal to the lesser of three (3) months or the duration of such injunction, payable monthly in arrears.

6. Company Materials. All notes, files, data, disks, tapes, reference items, sketches, drawings, memoranda, records, and other materials in whatever form in any way relating to any of the information referred to in paragraph 3 above or otherwise to Company's business shall belong exclusively to Company. Employee agrees to immediately turn over to Company, without retaining any copies, all such materials in Employee's possession or under Employee's control at any time at the request of Company or, in any event, upon the termination of Employee's employment with Company for any reason.

7. Work Made For Hire. All creative work, including but not limited to computer programs or models, templates, marketing plans, designs, graphics, techniques, processes, documentation, formulae, products, and technical information prepared or originated by Employee for Company at any time during Employee's employment with Company, constitutes work made for hire. All rights to this work, as well as enhancements and modifications to it, are owned by Company; and, in any event, Employee hereby assigns to Company all rights, title, and interest whether by way of copyright, trade secret, or otherwise, in all such work, whether or not subject to protection by copyright laws or other intellectual property laws. Employee shall take all actions reasonably requested by Company to vest ownership of such creative work in Company and to permit Company to obtain copyright, trademark, patent, or similar protection in its name.

8. Accounting for Profits. If Employee violates any of the provisions of this Agreement, Company shall be entitled to an accounting and repayment of all profits, compensation, royalties, commissions, remunerations or benefits which Employee directly or indirectly shall have realized or may realize relating to, growing out of, or in connection with any such violation; provided, however, that for any violation of the noncompetition obligations set forth in paragraph 1 above, the remedy provided under this paragraph will be limited to the six (6) month noncompetition period. The remedies set forth in this paragraph shall be in addition to and not in lieu of any injunctive relief or other rights or remedies to which Company is or may be entitled at law or in equity or otherwise under this Agreement.

9. Injunctive Relief. Employee understands and agrees that Company shall suffer irreparable harm in the event that Employee breaches any the provisions of this Agreement and that monetary damages shall be inadequate to fully compensate Company for such breach. Accordingly, Employee agrees that, in the event of a breach or threatened breach by Employee of any of the provisions of this Agreement, Company, in addition to and not in lieu of any other rights, remedies or damages available to Company at law or in equity, shall be entitled to a temporary restraining order, preliminary injunction and permanent injunction in order to prevent or restrain any such breach or threatened breach by Employee, or by any or all of Employee's partners, co-venturers, employers, employees, servants, agents, representatives, and any and all persons directly or indirectly acting for, on behalf of or with Employee.

10. Remedies in General. If Employee fails to abide by this Agreement or any provision of it, Company will be entitled to specific performance, including immediate issuance of a temporary restraining order or preliminary injunction enforcing this Agreement, and to judgment for damages caused by Employee's breach, and to any other remedies provided by applicable law. Subsequent employers shall have this covenant disclosed to them either by Employee or by Company at the discretion of Company. The provisions of this Agreement are in addition to and not in lieu of any rights or obligations of Company or Employee under any applicable statute, regulation, or common law.

11. Attorney Fees. In the event this Agreement is placed in the hands of any attorney or in any action at law or in equity, administrative proceeding, or arbitration instituted to enforce or interpret the terms of this Agreement, including proceedings before any bankruptcy court of the United States, the prevailing party shall be entitled to recover from the other party reasonable attorney fees, costs, and necessary disbursements at trial and on any appeal there from, in addition to any other relief to which such party may be entitled.

12. Severability. If any provision, or portion thereof, in this Agreement is invalid or legally unenforceable, it shall be enforced to the extent possible, and all other provisions hereof shall remain in full force and effect.

13. Waiver. The waiver by either the Company or Employee of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either party and shall in no way affect the enforcement of all the other provisions of this Agreement.

14. Survival. The terms of this Agreement survive the termination of Employee's employment.

15. Acknowledgment. Employee acknowledges that Employee entered into this Agreement after receiving a copy of it in a written offer of employment provided two weeks or more before Employee began employment.

Company:
Craft Brew Alliance, Inc.

By: /s/Andrew J. Thomas
Name: Andrew J. Thomas
Title: Chief Executive Officer
Date: April 27, 2015

Employee:

/s/Joseph K. Vanderstelt
Joseph Vanderstelt
Date: April 27, 2015

EXHIBIT 31.1

CERTIFICATION

I, Andrew J. Thomas, certify that:

1. I have reviewed this quarterly report on Form 10−Q of Craft Brew Alliance, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a−15(f) and 15d−15(f)) for the Registrant and we have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 6, 2015

By: /s/ Andrew J. Thomas

Andrew J. Thomas

Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Joseph K. Vanderstelt, certify that:

1. I have reviewed this quarterly report on Form 10−Q of Craft Brew Alliance, Inc. (the “Registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a−15(f) and 15d−15(f)) for the Registrant and we have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: May 6, 2015

By: /s/ Joseph K. Vanderstelt
Joseph K. Vanderstelt
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES–OXLEY ACT OF 2002

In connection with the Quarterly Report of Craft Brew Alliance, Inc. (the “Registrant”) on Form 10-Q for the quarter ended March 31, 2015, as filed with the Securities and Exchange Commission on May 6, 2015 (the “Report”), Andrew J. Thomas, the Chief Executive Officer of the Registrant, and Joseph K. Vanderstelt, the Chief Financial Officer of the Registrant, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: May 6, 2015

BY: /s/ Andrew J. Thomas
Andrew J. Thomas
Chief Executive Officer
(Principal Executive Officer)

BY: /s/ Joseph K. Vanderstelt
Joseph K. Vanderstelt
Chief Financial Officer
(Principal Financial Officer)

Exhibit 99.1

FOR IMMEDIATE RELEASE

CRAFT BREW ALLIANCE ANNOUNCES FIRST QUARTER 2015 RESULTS AND RECONFIRMS 2015 GUIDANCE

Q1 results in line with management's expectations; 8% volume growth in home markets and expansion in beer gross margins reflect strong underlying fundamentals

Portland, Ore. (May 6, 2015) – Craft Brew Alliance, Inc. ("CBA") (Nasdaq: BREW), a leading craft brewing company, today reported its financial results for the first quarter ended March 31, 2015. The results for the first quarter are in line with management's expectations, and the Company reconfirms previously reported 2015 guidance.

First quarter 2015 financial highlights include:

- Depletion volume grew 1% over the first quarter of 2014, primarily due to the continued momentum for our core flagship brands, including Kona Longboard Lager, Widmer Brothers Hefeweizen, and Omission, our innovative craft beer brewed with traditional beer ingredients and specially crafted to remove gluten.
  - In our home markets of Hawaii, Oregon, and Washington, depletion volume grew 8% over the first quarter of 2014, which we attribute to the continued strategic focus on strengthening our core brands in their home states.
- Net sales and total beer shipments decreased 5% and 8%, respectively, compared to the first quarter of 2014. The decreases reflect the higher-than-average sales and beer shipments reported in the first quarter of 2014 as we adjusted for out-of-stocks that challenged us in 2013.
  - As wholesaler depletions increased and shipments decreased in the first quarter, we lowered our wholesaler inventories, reflecting continued efforts to optimize wholesaler inventory levels.
- Our beer gross margin rate increased 50 basis points to 29.7% in the first quarter, compared to 29.2% in the first quarter last year, due to increased pricing and lower distribution costs on a per barrel basis. The increase was partially offset by planned lower capacity utilization in our owned breweries as we fully integrated our Memphis operations. Our restaurant gross margin rate decreased by 350 basis points to 9.7%, compared to 13.2%, due to closures resulting from inclement weather during the first quarter and the closure of our Koko pub for a full remodel. As a result, our combined first quarter gross margin rate decreased 20 basis points to 26.8%, compared to 27.0% for the first quarter last year.
- To address the wide variances in quarterly results and provide a more representative view into our financial performance, we are sharing trailing 12-month comparisons for the periods ended March 31, 2015 and March 31, 2014.
  - For those periods, our beer shipments increased 4%, depletions increased 5%, and net sales increased 6%.
  - Our beer gross margin expanded by 110 basis points to 31.9% and restaurant gross margin declined by 90 basis points to 12.6% for the same 12-month periods, for a combined gross margin expansion of 80 basis points to 29.3%, compared to 28.5%.

- Owned capacity utilization decreased to 58% in the first quarter of 2015 compared to 68% in the first quarter of 2014, which reflects the addition of our brewing operations in Memphis, as well as continued efforts to balance and normalize inventories.

- As a percentage of net sales, our selling, general and administrative expense ("SG&A") increased to 31% in the first quarter of 2015 from 28% in the first quarter of 2014, primarily due to the decrease in our net sales.

- Diluted loss per share for the first quarter of 2015 was $0.06, compared to $0.01 for the same period last year.

"Our first quarter net sales and shipments are in line with our internal plan and put us on track to deliver our full year guidance of 6% to 8% growth in shipment volume. While the first quarter was challenging, we made steady progress in key strategic areas, including 8% depletion growth in our brands' home markets and 50 basis point improvement in our beer gross margins, reflecting strong underlying fundamentals," said Andy Thomas, Chief Executive Officer, CBA. "We continue to believe that this momentum, coupled with the strategic investments in our home markets, will enable us to realize our vision for meaningful and sustained growth over the long term."

Components of anticipated 2015 financial results and developments:

We are confirming previously issued guidance regarding our anticipated full year 2015 results, as follows:

- Owned beer shipment growth between 6% and 8%. [Note: We are adjusting our guidance in response to analyst feedback and to align with industry practices. We will not provide annual depletion guidance in our financial press releases, but we will share actuals on analyst calls and in 10-K and 10-Q filings.]
- Average price increase of 1% to 2%.
- A range in contract brewing revenue, between growth of 10% to a decline of 10%, as we continue to manage the most efficient use of our owned capacity.
- Gross margin rate of 30.5% to 31.5%. We continue to expect gross margin expansion to 35% in 2017, through ongoing efforts to optimize our brewing locations and improve our capacity utilization and efficiency.
- SG&A expense ranging from $58 million to $62 million, primarily reflecting reinvestment into our sales and marketing infrastructure, as well as expanded consumer and trade programming.
- Capital expenditures of approximately $17 million to $21 million, which will support the recently announced expansion project start-up costs, as well as continued investments in quality, safety, sustainability, capacity and efficiency.

Forward-Looking Statements

Statements made in this press release that state the Company's or management's intentions, hopes, beliefs, expectations or predictions of the future, including shipments and sales growth, price increases, level of contract brewing revenue and gross margin rate improvement, the level or effect of SG&A expense and business development, the amount of capital spending, and the benefits or improvements to be realized from strategic initiatives and capital projects, are forward-looking statements. It is important to note that the Company's actual results could differ materially from those projected in such forward-looking statements. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time to time in the Company's SEC filings, including, but not limited to, the Company's report on Form 10-K for the year ended December 31, 2014. Copies of these documents may be found on the Company's website, www.craftbrew.com, or obtained by contacting the Company or the SEC.

About Craft Brew Alliance

CBA is a leading craft brewing company, which brews, brands and markets some of the world's most respected and best-loved American craft beers.

The company is home to three of the earliest pioneers in craft beer: Redhook Ale Brewery, Washington's largest craft brewery founded in 1981; Widmer Brothers Brewing, Oregon's largest craft brewery founded in 1984; and Kona Brewing Company, Hawaii's oldest and largest craft brewery founded in 1994. As part of Craft Brew Alliance, these craft brewing legends have expanded their reach across the U.S. and more than 15 international markets.

In addition to growing and nurturing distinctive brands rooted in local heritage, Craft Brew Alliance is committed to developing innovative new category leaders, such as Omission Beer, which is the #1 beer in the gluten free beer segment, and Square Mile Cider, a tribute to the early American settlers who purchased the first plots of land in the Pacific Northwest.

Publicly traded on NASDAQ under the ticker symbol BREW, Craft Brew Alliance is headquartered in Portland, OR and operates five breweries and five pub restaurants across the U.S. For more information about CBA and its brands, please visit www.craftbrew.com.

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Craft Brew Alliance, Inc.
Condensed Consolidated Statements of Operations
(In thousands, except per share amounts and shipments)
(Unaudited)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Sales	$ 44,619	$ 47,017
Less excise taxes	2,910	3,191
Net sales	41,709	43,826
Cost of sales	30,547	31,986
Gross profit	11,162	11,840
As percentage of net sales	26.8%	27.0%
Selling, general and administrative expenses	12,953	12,062
Operating loss	(1,791)	(222)
Interest expense	(121)	(101)
Other income (expense), net	6	(6)
Loss before income taxes	(1,906)	(329)
Income tax benefit	(743)	(128)
Net loss	$ (1,163)	$ (201)
Loss per share:		
Basic and diluted net loss per share	$ (0.06)	$ (0.01)
Weighted average shares outstanding:		
Basic and diluted	19,115	18,976
Total shipments (in barrels):		
Core Brands	158,500	172,200
Contract Brewing	9,200	10,600
Total shipments	167,700	182,800
Change in depletions (1)	1%	8%

(1) Change in depletions reflects the period-over-period change in barrel volume sales of beer by wholesalers to retailers.

Craft Brew Alliance, Inc.
Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

	March 31, 2015	March 31, 2014
Current assets:		
Cash and cash equivalents	$ 1,056	$ 2,894
Accounts receivable, net	14,190	11,035
Inventories, net	23,833	18,490
Deferred income tax asset, net	2,443	1,553
Other current assets	4,404	4,047
Total current assets	45,926	38,019
Property, equipment and leasehold improvements, net	110,690	103,917
Goodwill	12,917	12,917
Intangible and other non-current assets, net	17,270	17,412
Total assets	$ 186,803	$ 172,265
Current liabilities:		
Accounts payable	$ 18,026	$ 16,749
Accrued salaries, wages and payroll taxes	5,202	4,938
Refundable deposits	7,759	7,774
Other accrued expenses	1,870	1,685
Current portion of long-term debt and capital lease obligations	1,130	491
Total current liabilities	33,987	31,637
Long-term debt and capital lease obligations, net of current portion	18,493	11,088
Other long-term liabilities	19,868	18,347
Total common shareholders' equity	114,455	111,193
Total liabilities and common shareholders' equity	$ 186,803	$ 172,265

Craft Brew Alliance, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Cash Flows From Operating Activities:		
Net loss	$ (1,163)	$ (201)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,288	2,096
Loss on sale or disposal of Property, equipment and leasehold improvements	215	23
Deferred income taxes	(757)	(326)
Other, including stock-based compensation and excess tax benefit from employee stock plans	140	(215)
Changes in operating assets and liabilities:		
Accounts receivable	(2,449)	336
Inventories	(4,491)	(1,353)
Other current assets	9	(645)
Accounts payable and other accrued expenses	4,409	2,228
Accrued salaries, wages and payroll taxes	88	322
Refundable deposits	(149)	268
Net cash provided by (used in) operating activities	(1,860)	2,533
Cash Flows from Investing Activities:		
Expenditures for property, equipment and leasehold improvements	(3,228)	(2,352)
Proceeds from sale of property, equipment and leasehold improvements	385	-
Net cash used in investing activities	(2,843)	(2,352)
Cash Flows from Financing Activities:		
Principal payments on debt and capital lease obligations	(122)	(152)
Net borrowings under revolving line of credit	4,900	-
Proceeds from issuances of common stock	-	46
Excess tax benefit from employee stock plans	-	93
Net cash provided by (used in) financing activities	4,778	(13)
Increase in cash and cash equivalents	75	168
Cash and cash equivalents, beginning of period	981	2,726
Cash and cash equivalents, end of period	$ 1,056	$ 2,894

Craft Brew Alliance, Inc.
Select Financial Information on a Trailing Twelve Month Basis
(In thousands, except per share amounts and shipments)
(Unaudited)

	Twelve Months Ended March 31, 2015	Twelve Months Ended March 31, 2014	Change	% Change
Net sales	$ 197,905	$ 186,397	$ 11,508	6.2%
Gross profit	$ 58,032	$ 53,158	$ 4,874	9.2%
As percentage of net sales	29.3%	28.5%	80 bps	
Selling, general and administrative expenses	53,891	46,763	7,128	15.2%
Operating income	$ 4,141	$ 6,395	$ (2,254)	(35.2)%
Net income	$ 2,155	$ 3,532	$ (1,377)	(39.0)%
Basic and diluted net income per share	$ 0.11	$ 0.19	$ (0.08)	(42.1)%
Total shipments (in barrels):				
Core Brands	776,800	750,300	26,500	3.5%
Contract Brewing	38,300	33,400	4,900	14.7%
Total shipments	815,100	783,700	31,400	4.0%
Change in depletions (1)	5%	11%		

(1) Change in depletions reflects the period-over-period change in barrel volume sales of beer by wholesalers to retailers.

Supplemental Disclosures Regarding Non-GAAP Financial Information

Craft Brew Alliance, Inc.
Reconciliation of Adjusted EBITDA to Net Loss
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Net loss	$ (1,163)	$ (201)
Interest expense	121	101
Income tax benefit	(743)	(128)
Depreciation expense	2,227	2,036
Amortization expense	61	60
Stock-based compensation	321	171
Loss on disposal of assets	215	23
Adjusted EBITDA	$ 1,039	$ 2,062

The Company has presented Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") in these tables to provide investors with additional information to evaluate our operating performance on an ongoing basis using criteria that are used by the Company's management. The Company defines Adjusted EBITDA as net earnings (loss) before interest, income taxes, depreciation and amortization, stock compensation and other non-cash charges, including net gain or loss on disposal of property, plant and equipment. The Company uses Adjusted EBITDA, among other measures, to evaluate operating performance, to plan and forecast future periods' operating performance, and as an incentive compensation target for certain management personnel.

As Adjusted EBITDA is not a measure of operating performance or liquidity calculated in accordance with generally accepted accounting principles in the United States of America ("GAAP"), this measure should not be considered in isolation of, or as a substitute for, net income (loss) as an indicator of operating performance, or net cash provided by operating activities as an indicator of liquidity. The use of Adjusted EBITDA instead of net income (loss) has limitations as an analytical tool, including the inability to determine profitability; the exclusion of interest expense and associated cash requirements, given the level of the Company's indebtedness; and the exclusion of depreciation and amortization which represent significant and unavoidable operating costs, given the capital expenditures needed to maintain the Company's operations. We compensate for these limitations by relying on GAAP results. Our computation of Adjusted EBITDA may differ from similarly titled measures used by other companies. As Adjusted EBITDA excludes certain financial information compared with net income (loss) and net cash provided by operating activities, the most directly comparable GAAP financial measures, users of this financial information should consider the types of events and transactions which are excluded. The table above shows a reconciliation of Adjusted EBITDA to net income (loss).