

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

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

August 24, 2016 (August 23, 2016)
Date of Report (Date of earliest event reported)

CRAFT BREW ALLIANCE, INC.

(Exact Name of Registrant as Specified in Charter)

Washington
(State or Other Jurisdiction of Incorporation)

0-26542
(Commission file number)

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

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

Contract Brewing Agreement

On August 23, 2016, Craft Brew Alliance, Inc. (“CBA”) entered into a Contract Brewing Agreement (the “Brewing Agreement”) with A-B Commercial Strategies, LLC (“ABCS”), an affiliate of Anheuser-Busch, LLC (“AB”), pursuant to which ABCS will brew, bottle and package up to 300,000 barrels of mutually agreed CBA products annually, in facilities owned by ABCS within the United States, for an initial term through December 31, 2026. Under the terms of the Brewing Agreement, CBA and ABCS will equally share in any cost savings arising from the Brewing Agreement, provided that CBA’s cost savings shall be equal to at least \$10.00 per barrel on an aggregate basis, following certain adjustments, as set forth in the Brewing Agreement.

The Brewing Agreement contains specified termination rights, including, among other things, the right of either party to terminate the Brewing Agreement if (i) the other party fails to perform any material obligation under the Brewing Agreement, subject to certain cure rights, (ii) the International Distribution Agreement (as defined below) is terminated pursuant to certain specified provisions thereof or (iii) subject to certain conditions, if the Master Distributor Agreement (as defined below) is terminated pursuant to certain specified provisions thereof.

In addition, ABCS has the right to terminate the Brewing Agreement upon 90 days’ prior written notice to CBA following (i) a CBA “change of control event” (as defined in the Brewing Agreement) that occurs prior to the third anniversary of the Brewing Agreement or for which a definitive agreement is entered into prior to the third anniversary of the Brewing Agreement and is subsequently consummated or (ii) the earliest of (a) CBA’s rejection of a “qualifying offer” (as defined below), (b) the consummation of a transaction underlying a “qualifying offer” and (c) 120 days following the receipt of a “qualifying offer” by CBA, if CBA and ABCS (or an affiliate thereof) are unable to enter into a definitive agreement with respect thereto, notwithstanding ABCS’s (or its affiliate’s) good faith and reasonable efforts to negotiate such a definitive agreement, subject to certain additional conditions.

Under the terms of each of the Brewing Agreement, the International Distribution Agreement, the Master Distributor Agreement and the Recapitalization Agreement (as defined below) (collectively, the “Commercial Arrangements”), a “qualifying offer” is defined to include any offer made by ABCS or an affiliate thereof, for the acquisition of all of the issued and outstanding shares of common stock of CBA (“CBA Common Stock”) not owned by ABCS or its affiliates, on customary terms and conditions for a transaction of the type proposed by ABCS or its affiliate, in each case, for an aggregate value of (x) not less than \$22.00 per share of CBA Common Stock if the offer is made between the date of the Brewing Agreement and on or prior to August 23, 2017, (y) not less than \$23.25 per share of CBA Common Stock if the offer is made between August 24, 2017 and on or prior to August 23, 2018 and (z) not less than \$24.50 per share of CBA Common Stock if the offer is made on or after August 24, 2018.

The foregoing description of the Brewing Agreement does not purport to be complete, and is qualified in its entirety by reference to the full text of the Brewing Agreement, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

International Distribution Agreement

On August 23, 2016, CBA also entered into an International Distribution Agreement (the “International Distribution Agreement”) with Anheuser-Busch Worldwide Investments, LLC (“ABWI”), an affiliate of AB, pursuant to which ABWI will become CBA’s sole and exclusive distributor of CBA malt beverage products in jurisdictions outside the United States, subject to the terms and conditions of CBA’s agreement with its existing international distributor, CraftCan Travel LLC, and certain other limitations, in each case as set forth in the International Distribution Agreement. Under the International Distribution Agreement, following delivery of notice to CBA, ABWI will also

have the option to elect to commence brewing outside of the United States some or all of the products to be distributed in the non-U.S. jurisdictions covered by the International Distribution Agreement.

Under the terms of the International Distribution Agreement, with respect to exported CBA products produced by CBA, ABWI will pay CBA its costs of production plus reasonable out-of-pocket expenses relating to export shipment costs. Additionally, ABWI will pay CBA an international royalty fee based on volume of CBA products sold by ABWI, equal to either \$40 per barrel or \$30 per barrel, depending on certain factors described in the International Distribution Agreement, which royalty fee will be subject to escalation annually, beginning in calendar year 2018, on the terms described in the International Distribution Agreement. For calendar year 2016, 2017 and 2018, ABWI will also pay CBA one-time fees of \$3 million, \$5 million and \$6 million, respectively, which amounts shall be subject to proration if the International Distribution Agreement is terminated early in any given year.

The International Distribution Agreement contains specified termination rights, including, among other things, the right of either party to terminate the International Distribution Agreement if (i) the other party fails to perform any material obligation under the International Distribution Agreement, subject to certain cure rights or (ii) the Brewing Agreement is terminated pursuant to certain specified provisions thereof. In addition, ABWI has the right to terminate the International Distribution Agreement upon 90 days' prior written notice to CBA following (a) a CBA "change of control event" (as defined in the International Distribution Agreement) that occurs prior to the third anniversary of the International Distribution Agreement or for which a definitive agreement is entered into prior to the third anniversary of the International Distribution Agreement and is subsequently consummated or (b) the earliest of (x) CBA's rejection of a qualifying offer, (y) the consummation of a transaction underlying a qualifying offer and (z) 120 days following the receipt of a qualifying offer by CBA, if CBA and ABWI (or an affiliate thereof) are unable to enter into a definitive agreement with respect thereto, notwithstanding ABWI's (or its affiliate's) good faith and reasonable efforts to negotiate such a definitive agreement, subject to certain additional conditions (each of the foregoing subclauses (x) through (z), a "qualifying offer lapse"). Following termination of the International Distribution Agreement due to a qualifying offer lapse, or any change of control of CBA, ABWI shall have the right to purchase the international distribution rights for each CBA brand then being distributed under the International Distribution Agreement at the fair market value of such rights, and on otherwise customary terms and conditions, as set forth in the International Distribution Agreement.

Under the International Distribution Agreement, ABWI will also be required to make a one-time \$20 million payment to CBA on the third anniversary thereof. However, ABWI will not (subject to compliance with certain notice requirements) be obligated to make such one-time payment if prior to the third anniversary of the International Distribution Agreement (i) a CBA "change of control event" occurs or for which a definitive agreement is entered into, (ii) ABWI (or an affiliate thereof) makes a qualifying offer and there is a qualifying offer lapse or (iii) ABWI and CBA enter into a definitive agreement with respect to a qualifying offer but such agreement is subsequently terminated, other than for certain regulatory reasons (in which case the \$20 million amount shall remain payable).

The foregoing description of the International Distribution Agreement does not purport to be complete, and is qualified in its entirety by reference to the full text of the International Distribution Agreement, a copy of which is attached hereto as Exhibit 10.2 and incorporated herein by reference.

Amendment to Master Distributor Agreement and Amendment to Exchange and Recapitalization Agreement

On August 23, 2016, CBA and AB entered into Amendment No. 3 ("Amendment No. 3") to the Amended and Restated Master Distributor Agreement, dated as of May 1, 2011, as amended, between AB and CBA (the "Master Distributor Agreement"). Pursuant to Amendment No. 3, CBA and AB agreed to extend the Master Distributor Agreement through December 31, 2028 (the "Term"), and to maintain the existing margin fee structure of \$0.25 per case-equivalent in the Master Distributor Agreement through the Term. Without Amendment No. 3, beginning on January 1, 2019, an increased margin fee of \$0.75 per case equivalent would have been payable by CBA under the Master Distributor Agreement. Amendment No. 3 also provides that, beginning on January 1, 2019, CBA will

reinvest an aggregate amount equal to \$0.25 per case equivalent in sales and marketing efforts for CBA products, subject to specified terms and conditions set forth in Amendment No. 3.

Pursuant to Amendment No. 3, AB will have the ability to deliver a revocation notice and reinstitute the terms of the Master Distributor Agreement as they existed prior to Amendment No. 3 following (i) a CBA “change of control event” (as defined in Amendment No. 3) that occurs prior to the third anniversary of Amendment No. 3 or for which a definitive agreement is entered into prior to the third anniversary of Amendment No. 3 and is subsequently consummated or (ii) the earliest of (a) CBA’s rejection of a qualifying offer, (b) the consummation of a transaction underlying a qualifying offer and (c) 120 days following the receipt of a qualifying offer by CBA, if CBA and AB (or an affiliate thereof) are unable to enter into a definitive agreement with respect thereto, notwithstanding AB’s (or its affiliate’s) good faith and reasonable efforts to negotiate such a definitive agreement, subject to certain additional conditions.

On August 23, 2016, CBA and AB also entered into Amendment No. 1 (“Amendment No. 1”) to the Amended and Restated Exchange and Recapitalization Agreement, dated as of May 1, 2011, between AB and CBA (the “Recapitalization Agreement”) to provide for certain actions following a CBA “change of control event” (as defined in Amendment No. 1) or a qualifying offer.

The foregoing description of Amendment No. 3 and Amendment No. 1 do not purport to be complete, and are qualified in their entirety by reference to the full text of Amendment No. 3 and Amendment No. 1, copies of which are attached hereto as Exhibits 10.3 and 10.4, respectively, and incorporated herein by reference.

Item 8.01 Other Events.

On August 23, 2016, CBA and AB issued a joint press release announcing their entry into the Commercial Arrangements. Also on August 23, 2016, CBA held an investor call to provide additional details regarding the Commercial Arrangements. A copy of each of the press release and the transcript of the investor call is attached hereto as Exhibits 99.1 and 99.2, respectively, and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

- Exhibit 10.1 Contract Brewing Agreement, dated August 23, 2016, by and between Craft Brew Alliance, Inc. and A-B Commercial Strategies, LLC*
- Exhibit 10.2 International Distribution Agreement, dated August 23, 2016, by and between Craft Brew Alliance, Inc. and Anheuser-Busch Worldwide Investments, LLC*
- Exhibit 10.3 Amendment No. 3 to Amended and Restated Master Distributor Agreement, dated August 23, 2016, by and between CBA and Anheuser-Busch, LLC, as successor in interest to Anheuser-Busch, Incorporated
- Exhibit 10.4 Amendment No. 1 to Amended and Restated Exchange and Recapitalization Agreement, dated August 23, 2016, by and between CBA and Anheuser-Busch, LLC, as successor in interest to Anheuser-Busch, Incorporated
- Exhibit 99.1 Press release dated August 23, 2016
- Exhibit 99.2 Transcript for Investor Call on August 23, 2016

*Application has been made to the Securities and Exchange Commission for confidential treatment of certain portions of this exhibit. Omitted material for which confidential treatment has been requested has been separately filed with the Securities and Exchange Commission.

SIGNATURE

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

CRAFT BREW ALLIANCE, INC.

Dated: August 24, 2016

By: /s/ Joseph K. Vanderstelt

Joseph K. Vanderstelt

Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
10.1	Contract Brewing Agreement, dated August 23, 2016, by and between CBA and A-B Commercial Strategies, LLC*
10.2	International Distribution Agreement, dated August 23, 2016, by and between CBA and Anheuser-Busch Worldwide Investments, LLC*
10.3	Amendment No. 3 to Amended and Restated Master Distributor Agreement, dated August 23, 2016, by and between CBA and Anheuser-Busch, LLC, as successor in interest to Anheuser-Busch, Incorporated
10.4	Amendment No. 1 to Amended and Restated Exchange and Recapitalization Agreement, dated August 23, 2016, by and between CBA and Anheuser-Busch, LLC, as successor in interest to Anheuser-Busch, Incorporated
99.1	Press release dated August 23, 2016
99.2	Transcript for Investor Call on August 23, 2016

*Application has been made to the Securities and Exchange Commission for confidential treatment of certain portions of this exhibit. Omitted material for which confidential treatment has been requested has been separately filed with the Securities and Exchange Commission.

CONTRACT BREWING AGREEMENT

This Contract Brewing Agreement (this “Agreement”) is dated as of the 23rd day of August, 2016, by and between Craft Brew Alliance, Inc., a Washington corporation (“CBA”), and A-B Commercial Strategies, LLC, a Delaware limited liability company (“AB”). Each of AB and CBA is referred to herein as a “party” and together as the “parties”.

BACKGROUND

- A. CBA is in the business of brewing, advertising, marketing and selling CBA brand products (“CBA Products”).
- B. AB operates breweries in the United States (the “US AB Facilities”) and is in the business of brewing, bottling and packaging (collectively, “Production” or “Producing”) beer products at the US AB Facilities and delivering such products to wholesalers.
- C. CBA and AB desire for AB to Produce certain mutually agreed CBA Products at the US AB Facilities and deliver such CBA Products to CBA or CBA’s wholesalers in accordance with the terms and conditions of this Agreement.

AGREEMENT

Based on the mutual promises set forth below and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, CBA and AB hereby agree as follows:

- 1. Definitions. Unless otherwise indicated, capitalized terms used herein shall have the meanings assigned below:
 - 1.1 “AB” shall have the meaning set forth in the preamble to this Agreement.
 - 1.2 “AB Consent Decrees” shall have the meaning set forth in Section 2.1 of this Agreement.
 - 1.3 “AB Malt” shall have the meaning set forth in Section 8.2 of this Agreement.
 - 1.4 “Accounting Firm” shall have the meaning set forth in Section 5.5 of this Agreement.
 - 1.5 “Actual Aggregate Variable Cost” shall have the meaning set forth in Section 5.4 of this Agreement.
 - 1.6 “Actual Production Variable Cost” shall mean, with respect to any Specified Product for any given year, the aggregate Actual Variable Materials Cost for the Production of such Specified Product in such year.
 - 1.7 “Actual Total AB Cost” shall have the meaning set forth in Section 5.2.2 of this Agreement.
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1.8 “Actual Variable Materials Cost” shall have the meaning set forth in Section 5.4 of this Agreement.

1.9 “Additional Agreements” shall have the meaning set forth in Section 21.13 of this Agreement.

1.10 “Additional Specified Product” shall mean any SKUs of a CBA Brand that AB agrees to Produce and deliver for CBA (which SKUs shall consist of the package types set forth on Exhibit A hereto with respect to each applicable CBA Brand) from and after the date hereof in accordance with Section 3.1 of this Agreement.

1.11 “Affiliate” shall mean, with respect to any Person, (a) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, 50% or more of the equity securities having ordinary voting power in the election of directors of such Person, or (b) each Person that controls, is controlled by or is under common control with such Person or any Affiliate of such Person; provided that, for the avoidance of doubt, AB shall not be considered an Affiliate of CBA.

1.12 “Agreement” shall have the meaning set forth in the preamble to this Agreement.

1.13 “Annual Variable Cost Difference” shall have the meaning set forth in Section 5.4 of this Agreement.

1.14 “Applicable Tax” shall have the meaning set forth in Section 5.3(b) of this Agreement.

1.15 “Barrel” shall mean a unit of volume measurement equal to 31 gallons.

1.16 “Benchmark Production Variable Cost” shall mean, with respect to any Specified Product for any given year, the aggregate Benchmark Variable Materials Cost for the Production of such Specified Product in such year.

1.17 “Benchmark Variable Materials Cost” shall have the meaning set forth in Section 5.2.2(b) of this Agreement.

1.18 “Benchmark Aggregate Variable Cost” shall have the meaning set forth in Section 5.4 of this Agreement.

1.19 “Bid Estimate” shall have the meaning set forth in Section 2.3 of this Agreement.

1.20 “Capital Improvements” shall have the meaning set forth in Section 2.3 of this Agreement.

1.21 “CBA” shall have the meaning set forth in the preamble to this Agreement.

1.22 “CBA Brands” shall mean the brands of CBA Products set forth on Exhibit A hereto, as Exhibit A may be amended or supplemented from time to time in accordance with Section 3.1 and 5.1.2 of this Agreement.

1.23 “CBA Eastern Wholesaler” shall mean any CBA Wholesaler located in any of the States listed on Schedule 5.1.1(c) under the heading “Eastern Wholesaler States”.

1.24 “CBA Intangible Rights” shall have the meaning set forth in Section 10.1 of this Agreement.

1.25 “CBA Inventory” shall have the meaning set forth in Section 16.3 of this Agreement.

1.26 “CBA Products” shall have the meaning set forth in the recitals to this Agreement.

1.27 “CBA Western Wholesaler” shall mean any CBA Wholesaler located in any of the States listed on Schedule 5.1.1(c) under the heading “Western Wholesaler States”.

1.28 “CBA Wholesaler” shall mean any wholesaler of alcohol beverage products of CBA located in the United States of America.

1.29 “Change of Control Event” shall mean (a) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), excluding for the avoidance of doubt AB and its Affiliates except pursuant to a Qualifying Offer, becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an “option right”)), directly or indirectly, in one transaction or a series of related transactions (whether by merger, consolidation, business combination, acquisition, tender offer, exchange offer, amalgamation, equity investment, joint venture or otherwise), of 50% or more of the equity securities of CBA (or of the surviving entity in any merger, consolidation, share exchange or other business combination involving CBA or the resulting direct or indirect parent of CBA or such surviving entity) entitled to vote for members of the board of directors or equivalent governing body of CBA (or such surviving or parent entity) on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); (b) a change in the composition of the board of directors of CBA during any period of twelve (12) consecutive months such that individuals who at the beginning of such period constituted the board of directors of CBA (together with any new directors whose election by the board of directors of CBA, or whose nomination for election by the shareholders of CBA, was approved by a vote of a majority of the directors of CBA then in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the board of directors of CBA then in office; or (c) the acquisition by any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) in any manner (whether by disposition, lease, license, exchange or other transfer), in one transaction or a series of related transactions, of (i) 50% or more of the consolidated assets of CBA and its subsidiaries (based on the fair market value thereof), including through the acquisition of one or more subsidiaries of CBA owning such assets or (ii) the Kona brand or any Intangible Rights, the disposition of which (without giving effect to any license back to CBA or its Affiliates) would result in CBA no longer being able to

Produce, manufacture, brew or distribute any Kona brand products (or products associated with any Kona sub-brand or brand extension).

1.30 “Claim” shall have the meaning set forth in Section 2.4.4 of this Agreement.

1.31 “Confidential Information” shall have the meaning set forth in Section 17.1 of this Agreement.

1.32 “Delivery Time” shall have the meaning set forth in Section 4.1 of this Agreement.

1.33 “disclosing party” shall have the meaning set forth in Section 17.1 of this Agreement.

1.34 “DOJ” shall have the meaning set forth in Section 2.1 of this Agreement.

1.35 “DOJ Submissions” shall have the meaning set forth in Section 2.1 of this Agreement.

1.36 “Effective Date” shall have the meaning set forth in Section 2.1 of this Agreement.

1.37 “Estimated Additional Product Cost” shall have the meaning set forth in Section 5.1.2 of this Agreement.

1.38 “Exchange and Recapitalization Agreement” shall mean that certain Amended and Restated Exchange and Recapitalization Agreement, dated as of May 11, 2011, as amended, between Anheuser-Busch, LLC, as successor in interest to Anheuser-Busch, Incorporated and CBA, formerly known as Craft Brewers Alliance, Inc.

1.39 “Existing CBA Product” shall have the meaning set forth in Section 5.1.2 of this Agreement.

1.40 “Export Specified Product” shall have the meaning set forth in Section 3.3 of this Agreement.

1.41 “Force Majeure” shall have the meaning set forth in Section 21.11 of this Agreement.

1.42 “Governmental Approval” shall mean the approval, permit, authorization or consent of any Governmental Authority necessary to permit a party to perform its obligations under this Agreement.

1.43 “Governmental Authority” shall mean any Person exercising governmental or regulatory authority (including, without limitation, the DOJ and any taxing authority and liquor licensing or control board, commission or authority) over the parties in performing the parties’ obligations under this Agreement.

1.44 “Historical Total CBA Cost” shall mean, at any given time with respect to any CBA Product produced by or on behalf of CBA prior to such time (other than pursuant to this

Agreement), the aggregate amount of Raw Materials, brewing, bottling, packaging, delivery and transportation and other costs incurred by CBA for the Production and delivery of such CBA Product under CBA's prior arrangements therefor.

1.45 "Initial Forecast Date" shall have the meaning set forth in Section 3.3 of this Agreement.

1.46 "Initial Specified Product" or "Initial Specified Products" shall have the meaning set forth in Section 3.1 of this Agreement.

1.47 "Initial Transition Period" shall have the meaning set forth in Section 2.2.1 of this Agreement.

1.48 "Intangible Rights" shall mean all proprietary rights in any jurisdiction with respect to any trademarks, service marks, brand names, slogans, logos, trade dress, bottles, other packaging or other indicia of origin, copyrights, works of authorship (whether or not copyrightable), designs, patents, patent applications, invention disclosures and inventions, trade secrets, know-how (including the Technical Information), confidential information, brewing formulas, recipes, manufacturing processes and other intangible rights similar to the foregoing, in each case whether or not registered or registrable.

1.49 "International Distribution Agreement" shall mean that certain International Distribution Agreement, dated as of the date hereof, between Anheuser-Busch Worldwide Investments, LLC and CBA, as amended from time to time.

1.50 "Invoice" shall have the meaning set forth in Section 6.1 of this Agreement.

1.51 "Law" shall mean any federal, state, municipal, local or foreign law, statute, code, ordinance, rule, regulation, circular, order, judgment, writ, stipulation, award, injunction, decree or arbitration award or finding.

1.52 "Legal Restraint" means any Law, injunction, prohibition, writ or temporary restraining order, or any judgment issued by any Governmental Authority or court of competent jurisdiction, to the effect that the transactions contemplated by this Agreement may not be consummated as provided in this Agreement.

1.53 "Liabilities" shall have the meaning set forth in Section 13.1 of this Agreement.

1.54 "Master Distributor Agreement" shall mean that certain Amended and Restated Master Distributor Agreement, dated as of May 11, 2011, as amended, between Anheuser-Busch, LLC, as successor in interest to Anheuser-Busch, Incorporated and CBA, formerly known as Craft Brewers Alliance, Inc.

1.55 "Monthly Planning Meeting" shall have the meaning set forth in Section 3.4 of this Agreement.

1.56 "New Product Date" shall have the meaning set forth in Section 2.2.2 of this Agreement.

1.57 “New Product Transition Date” shall have the meaning set forth in Section 2.2.2 of this Agreement.

1.58 “New Product Transition Period” shall have the meaning set forth in Section 2.2.2 of this Agreement.

1.59 “New Specified Product” shall have the meaning set forth in Section 5.1.2 of this Agreement.

1.60 “Ordinary Course Production” shall have the meaning set forth in Section 8.4 of this Agreement.

1.61 “Original Termination Date” shall have the meaning set forth in Section 16.2.3 of this Agreement.

1.62 “party” and “parties” shall have the meaning set forth in the preamble to this Agreement.

1.63 “Person” shall mean any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

1.64 “Price Adjustment Date” shall have the meaning set forth in Section 5.2.2 of this Agreement.

1.65 “Prior Packaging Materials” shall have the meaning set forth in Section 8.4 of this Agreement.

1.66 “Producer Price Index” shall mean the Producer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor.

1.67 “Producing”, “Production” and similar terms used herein shall have the meaning set forth in the recitals to this Agreement.

1.68 “Production Fee” shall have the meaning set forth in Section 5.3 of this Agreement.

1.69 “Production Fixed Cost” shall mean, with respect to any Specified Product for any given year, an amount equal to (a) the Production Price with respect to such Specified Product, *minus* (b) the Benchmark Production Variable Cost with respect to such Specified Product.

1.70 “Production Order” shall have the meaning set forth in Section 3.5 of this Agreement.

1.71 “Production Price” shall have the meaning set forth in Section 5.1.1 of this Agreement.

1.72 “Production Schedule” shall have the meaning set forth in Section 3.4 of this Agreement.

1.73 “Qualifying Offer” shall mean an offer or proposal made by AB or one of its Affiliates for the acquisition in any manner, directly or indirectly, in one transaction or a series of related transactions, of all of the issued and outstanding shares of the common stock, par value \$0.005 per share, of CBA (the “CBA Common Stock”), in each case (a) for an aggregate value of (i) from the date hereof to August 23, 2017, not less than \$22.00 per share of CBA Common Stock, (ii) from August 24, 2017 to August 23, 2018, not less than \$23.25 per share of CBA Common Stock and (iii) from and after August 24, 2018, not less than \$24.50 per share of CBA Common Stock, in each case of clauses (i), (ii) and (iii), subject to adjustment for any reclassification, recapitalization, stock split (including a reverse stock split) or subdivision or combination, exchange or readjustment of the issued and outstanding shares of CBA Common Stock, (b) on otherwise customary terms and conditions for a transaction of the type proposed by AB or such Affiliate; provided that, such customary terms and conditions shall in no event include any reverse termination fee payable by AB or any of its Affiliates, and (c) which AB or its applicable Affiliate indicates in writing it is ready and willing to enter into definitive documentation with respect thereto on such terms.

1.74 “Raw Materials” shall mean yeast, malt, hops and/or any other raw materials or brewing materials necessary to brew the CBA Brands.

1.75 “receiving party” shall have the meaning set forth in Section 17.1 of this Agreement.

1.76 “Recovered Amount” shall have the meaning set forth in Section 8.6 of this Agreement.

1.77 “Registration Rights Agreement” shall have the meaning set forth in Section 21.13 of this Agreement.

1.78 “Reviewable Item” shall have the meaning set forth in Section 5.5 of this Agreement.

1.79 “Rolling Twelve-Month Forecast” shall have the meaning set forth in Section 3.3 of this Agreement.

1.80 “SKU” shall mean a stock keeping unit being a specific combination of (a) a product and (b) package type, size and configuration.

1.81 “Specified Products” shall mean the respective SKUs of each of the CBA Brands that AB has agreed to Produce and deliver for CBA hereunder (which SKUs shall consist of the package types set forth on Exhibit A hereto with respect to each applicable CBA Brand), in each case as are set forth on Exhibit A hereto as of the date hereof, together with any Additional Specified Products added by the parties to Exhibit A hereto from and after the date hereof in accordance with Section 5.1.2.

1.82 “Tax” shall mean all taxes, imposts, duties, withholdings, charges, fees, levies or other assessments, in each case in the nature of a tax, imposed by any Governmental Authority or other taxing authority, whether domestic or foreign, together with all interest, fines, penalties and additions attributable to or imposed with respect to such amounts.

1.83 “Technical Information” shall mean technical knowledge, know-how, specifications, quality standards and information (including the design, styles and special features of the CBA Brands and formulas for brewing the CBA Brands, samples, reference materials and all information relating thereto) that are unique to and necessary for the Production of the CBA Brands, including all such information contained in the applicable Technical Manual with respect thereto.

1.84 “Technical Manual” shall mean, with respect to any CBA Brand, the technical manual in respect of such CBA Brand and the associated Specified Products provided by CBA to AB in accordance with the terms hereof (as such manual may be updated or supplemented from time to time in accordance with Section 9 of this Agreement), which technical manual shall contain the recipe, specification and other information necessary for the brewing, bottling and packaging of such CBA Brand and the associated Specified Products, including: (a) the Raw Materials to be used to brew such CBA Brand, (b) brewing, bottling and packaging specifications in respect of such CBA Brand and the associated Specified Products, (c) labeling requirements in respect of such CBA Brand and the associated Specified Products, (d) sampling plans and (e) quality assurance requirements needed to brew, bottle and package such CBA Brand and the associated Specified Products.

1.85 “Transition Date” shall have the meaning set forth in Section 2.2.1 of this Agreement.

1.86 “US AB Facilities” shall have the meaning set forth in the recitals to this Agreement.

1.87 “U.S. Prime Rate” shall mean the U.S. prime rate as in effect from time to time and published in the eastern edition of *The Wall Street Journal* or a comparable newspaper if *The Wall Street Journal* shall cease publishing the U.S. prime rate.

1.88 “U.S. Specified Product” shall have the meaning set forth in Section 3.3 of this Agreement.

1.89 “Variable Cost Notice” shall have the meaning set forth in Section 5.4 of this Agreement.

1.90 “Variable Materials” shall mean malt, hops, glass and aluminum.

2. Effectiveness; Transition; Initial Payment; Quality Control.

2.1 Effectiveness. As promptly as practicable after the date hereof (and in any event no later than ten (10) business days thereafter), AB shall make all required notifications, filings and submissions with respect to this Agreement (collectively, the “DOJ Submissions”) to the United States Department of Justice (the “DOJ”) in connection with its obligations under each of (a) the Final Judgment entered in *U.S. v. Anheuser-Busch InBev SA/NV and Grupo Modelo S.A.B. de C.V.* and (b) the Proposed Final Judgment filed in *U.S. v. Anheuser-Busch InBev SA/NV and SABMiller plc* (together, the “AB Consent Decrees”); provided that, notwithstanding the foregoing, AB shall not be required to make the DOJ Submissions during the pendency of discussions with the DOJ as to whether any such notifications, filings or

submissions are required; provided further, that AB shall engage in any such discussions as promptly as practicable. Other than Sections 1, 2.1, 2.2, 2.3, 3.1, 5.1, 5.5, 8.2, 9, 12, 13, 14, 15, 16, 17, 18, 19, 20 and 21 of this Agreement, which shall become effective as of the date hereof, this Agreement shall become effective on (i) the latest of (A) sixty (60) days after the DOJ Submissions are provided by AB to the DOJ, (B) thirty (30) days after AB has complied in full with any requests for additional information received from the DOJ under either of the AB Consent Decrees and (C) such time as no Legal Restraint shall be in effect or (ii) if earlier, the date on which each of the time periods set forth in clause (i) has been terminated by the DOJ prior to its expiration or the DOJ has confirmed that no DOJ Submissions are required and, in either such case, no Legal Restraint shall be in effect (the earliest of (i) or (ii), the “Effective Date”). Without limiting the foregoing, AB and CBA shall cooperate with each other and use (and shall cause their respective subsidiaries and Affiliates to use) their respective reasonable best efforts to (x) in the case of CBA, furnish to AB as promptly as reasonably practicable all information required for the DOJ Submissions to be made by AB pursuant to the AB Consent Decrees, (y) respond as promptly as reasonably practicable to any inquiries received from, and supply as promptly as reasonably practicable any additional information or documentation that may be requested by, the DOJ in respect of such DOJ Submissions; provided that, AB shall have the principal responsibility for the preparation and submission of any such responses to the DOJ and for all communications with the DOJ related thereto and (z) defend any claim asserted in court by any Person in order to avoid entry of, or to have vacated or terminated, any Legal Restraint; provided, further that, notwithstanding the foregoing or anything else to the contrary in this Agreement, it is understood and agreed that none of AB or any of its Affiliates shall be required to accept operational restrictions, concessions or limitations or commit to or effect, by consent decree, hold separate orders, trust, or otherwise, the sale, license, disposition or holding separate of any assets or businesses in connection with the matters contemplated by this Section 2.1 or otherwise. Subject to applicable Laws and as required by the DOJ, AB and CBA each shall keep the other apprised of the status of matters relating to the effectiveness of the transactions contemplated hereby, including promptly furnishing the other with copies of notices or other communications received by AB or CBA, as the case may be, or any of its subsidiaries or Affiliates, from the DOJ with respect to the transactions contemplated by this Agreement. AB and CBA shall have the right to review in advance all of the information relating to AB and CBA, as the case may be, and any of their respective subsidiaries or Affiliates, that appears in any DOJ Submission. Notwithstanding anything in this Agreement to the contrary, (I) neither party shall be deemed to be in breach or default of this Agreement as a result of the existence of any Legal Restraint or if the Effective Date occurs later than it otherwise would have (or does not occur at all) as a result of any Legal Restraint, except to the extent of such party’s failure to comply with its obligations under this Section 2.1 and (II) this Agreement shall automatically terminate in full with no further action by either party (1) at such time as any Legal Restraint shall be in effect (other than a temporary restraining order) or (2) if the Effective Date shall not have occurred on or prior to November 23, 2017 and AB shall have otherwise complied with its obligations under this Section 2.1.

2.2 Transition.

2.2.1 CBA shall provide AB with technical assistance, documentation and training reasonably requested by AB in connection with the Production, storage and handling of the Specified Products until the earlier of (a) such time as AB and CBA mutually agree that AB can commence Producing the Specified Products and (b) nine (9) months after the date hereof

(such earlier date, the “Transition Date” and, the period from the date hereof to the Transition Date, the “Initial Transition Period”). From the date hereof until the Transition Date, upon AB’s reasonable request, CBA shall make reasonably available to AB a brewmaster in respect of each CBA Brand for reasonable consultation and assistance in connection with the Production by AB of such CBA Brand and such Specified Products at the applicable US AB Facilities.

2.2.2 If at any time during the term of this Agreement the parties agree on an Additional Specified Product in accordance with Section 3.1 of this Agreement (each such date on which the parties may agree on an Additional Specified Product, a “New Product Date”), CBA shall provide AB with technical assistance, documentation and training reasonably requested by AB in connection with the Production, storage and handling of such Additional Specified Product until the earlier of (a) such time as AB and CBA mutually agree that AB can commence Producing such Additional Specified Product and (b) nine (9) months after the New Product Date with respect thereto (such earlier date, the “New Product Transition Date” and, the period from the New Product Date to the New Product Transition Date, the “New Product Transition Period”). From the New Product Date until the New Product Transition Date for any Additional Specified Product, upon AB’s reasonable request, CBA shall make reasonably available to AB a brewmaster in respect of the CBA Brand related to such Additional Specified Product for reasonable consultation and assistance in connection with the Production by AB of such CBA Brand and such Additional Specified Product at the applicable US AB Facilities.

2.2.3 Without limitation or modification of CBA’s obligations under Sections 2.2.1 and 2.2.2 of this Agreement, during the term of this Agreement, upon AB’s reasonable request from time to time, CBA shall provide reasonable assistance to AB in connection with AB’s Production of the CBA Brands and related Specified Products hereunder, including making reasonably available to AB a brewmaster in respect of each CBA Brand for reasonable assistance and consultation to the extent so requested by AB.

2.2.4 Upon the reasonable request of CBA during (i) with respect to the Specified Products set forth on Exhibit A hereto as of the date of this Agreement, the Initial Transition Period and (ii) with respect to any Additional Specified Product, the New Product Transition Period with respect thereto, on up to three (3) separate occasions per applicable CBA Brand during such applicable period, AB shall Produce and make available to CBA, free of charge to CBA, test batches of the CBA Brands for qualification purposes.

2.3 Capital Improvements. Reasonably promptly following the date of this Agreement, AB shall obtain from a third party vendor an estimate (the “Bid Estimate”) of the amount of the capital expenditures required to be incurred by AB at each US AB Facility set forth on Exhibit B hereto to enable the Production of the CBA Brands and related Specified Products hereunder at each such US AB Facility (the “Capital Improvements”). AB shall provide to CBA the Bid Estimate together with any related supporting documentation provided by the applicable third party vendor, and AB shall not engage such third party vendor to commence the Capital Improvements without the prior written approval of the Bid Estimate by CBA (such approval not to be unreasonably withheld, conditioned or delayed); provided that (a) in the event that CBA does not approve the Bid Estimate, AB and CBA shall discuss in good faith alternatives with respect to the Capital Improvements (which may include soliciting a Bid Estimate from an alternative third party vendor, which alternative Bid Estimate shall be subject to approval by CBA in accordance with this Section 2.3), (b) AB shall have no obligation to

Produce any Specified Products hereunder that require the Capital Improvements for the Production thereof until such time as the parties shall have agreed on a Bid Estimate and the Capital Improvements shall have been fully implemented and (c) AB shall have no obligation to engage any third party vendor to conduct the Capital Improvements or to commence the implementation thereof prior to the Effective Date. Promptly following the delivery by AB of a written invoice to CBA for the Capital Improvements (which invoice shall include reasonable documentation supporting the incurrence of such expenses), CBA shall pay to AB the actual capital expenditures incurred at each such US AB Facility with respect to the Capital Improvements; provided that, CBA shall in no event be obligated to pay to AB an amount in excess of 110% of the Bid Estimate approved by CBA.

2.4 Quality Control.

2.4.1 AB shall take all steps reasonably necessary to protect the quality of the CBA Brands and Specified Products hereunder when being Produced by AB or in its possession or control. In furtherance of the foregoing, AB shall ensure that:

- (a) the Specified Products shall be Produced exclusively in the breweries of AB or its Affiliates;
- (b) good manufacturing practices are employed with respect to the Production of the Specified Products and that each brewery used to Produce the Specified Products is properly maintained;
- (c) the Specified Products shall be merchantable and fit for their intended purpose;
- (d) the Specified Products will be materially free from defects in materials and workmanship and in compliance in all material respects with applicable Law;
- (e) the Specified Products will be materially free from microbiological and any other contamination in accordance with the recipes and specifications and packaging of the Specified Products as set forth in the Technical Manual with respect thereto;
- (f) the Specified Products will not be adulterated within the meaning of the Federal Food, Drug and Cosmetic Act, as amended, and will comply in all material respects with the applicable provisions of the Code of Federal Regulations, as amended;
- (g) the physical and sensory characteristics of the Specified Products will be the same in all material respects throughout the term of the Agreement, unless any such Specified Product is modified pursuant to Section 9.4 hereof;
- (h) the Specified Products will be properly handled, stored and shipped until their delivery at their destination;
- (i) the Specified Products will contain such coding as specified in the Technical Manual and as will permit CBA or the applicable CBA Wholesaler to determine their age without unreasonable difficulty;

(j) the Specified Products shall be delivered free from any lawful security interest, lien or other encumbrance;
and

(k) the Production of the Specified Products shall comply in all material respects with applicable Law;

provided that, notwithstanding anything in this Agreement to the contrary, AB shall be deemed to be in compliance with, and shall have no Liability to CBA under or arising out of, Sections 2.4.1(c), 2.4.1(d), 2.4.1(e), 2.4.1(f), 2.4.1(g) or 2.4.1(k) with respect to any Specified Product to the extent any defect in such Specified Product was caused by or resulted from (a) AB's Production of such Specified Product in compliance with the Technical Manual, Technical Information or any other requests, instructions or specifications provided by CBA with respect thereto or (b) a defect in the Raw Materials or packaging materials used by AB to Produce such Specified Product; provided, further, that, in the case of any such defect in the Raw Materials (other than any starter yeast or hops provided by CBA or its suppliers pursuant to Section 8.1) or packaging materials, AB shall use its reasonable best efforts to diligently pursue all applicable remedies against the supplier thereof in accordance with Section 8.6 and CBA shall cooperate with AB in connection therewith.

2.4.2 CBA will have the right, upon reasonable prior written notice to AB, to review and inspect the facilities, procedures, and equipment used by AB to Produce, label or ship the Products, it being understood that CBA shall have no obligation to conduct any such review or inspection. AB shall provide reasonable consideration to any quality control procedure recommended by CBA.

2.4.3 AB shall handle, store and ship, and shall direct its Affiliates and designees to handle, store and ship, all Specified Products in their respective possession in accordance with reasonable and customary handling, storage and shipping procedures, and in no event shall the quality assurance standards applied to the handling, storage and shipping of the Specified Products be less than the quality assurance standards applied to products owned by AB.

2.4.4 Each of AB and CBA shall inform each other in writing of any and all consumer complaints or claims (each, a "Claim") regarding the Specified Products which are reported to it or which come to its attention. Such reports shall contain the date the consumer complaint was received, the name and address of the reporting person, and a detailed description of the circumstances. Subject to Section 2.4.5, Claims shall be reported to the other party within fifteen (15) business days of receipt, except for "serious" Claims, which shall be reported not later than two (2) business days following receipt. A "serious" Claim shall mean one alleging an adverse reaction or product defect that causes injury to the consumer which is fatal, life-threatening, disabling, incapacitating or which results in or prolongs hospitalization, and shall also include any media inquiry or government inquiry with respect thereto. Notwithstanding this Section 2.4.4, the notification obligations of the parties with respect to any claims regarding Intangible Rights are set forth in Section 11.1.

2.4.5 Each of AB and CBA shall notify the other as promptly as practicable (and in any event, within one (1) business day) in writing of (a) any information that comes to its attention relating to the Specified Products distributed pursuant to this Agreement reasonably

thought likely to involve a consumer health or safety problem and (b) any possible action and/or decision by a competent authority to recall (or that could result in a recall of) any such Specified Product or batches of any such Specified Product. In the event of a possible recall, the parties shall designate appropriate personnel to form a team as soon as possible to facilitate the sharing of relevant information and coordination regarding the potential recall; provided, however, that (i) CBA shall have the exclusive right to determine whether to recall the applicable Specified Product, (ii) (A) AB shall be responsible for all costs required or incurred in connection with any recall arising out of any breach for which AB is required to indemnify CBA under Section 13.1 and (B) CBA shall be responsible for all costs required or incurred in connection with any recall arising out of any other circumstances and (iii) AB may in its sole discretion, with respect to such recalled defective Specified Products (A) dispose of such defective Specified Products and (B) cease the sale of such defective Specified Products (or cause its Affiliates or designees to cease the sale of such defective Specified Products) until the required quality has been restored. Each party shall promptly provide the other with all information relevant to any Specified Product recall and shall actively cooperate with the other in implementing the Specified Product recall strategy; provided that, subject to the immediately preceding sentence, CBA shall have the exclusive right to make all final decisions regarding the Specified Product recall strategy.

3. Orders of the Specified Products.

3.1 Exhibit A hereto sets forth the Specified Products as of the date of this Agreement (each, an “Initial Specified Product” and, together, the “Initial Specified Products”). Each of the parties may request to modify Exhibit A hereto at any time to either (a) add additional CBA Brands and/or Additional Specified Products or (b) modify or remove any listed CBA Brands or Specified Products. Upon such request by either party, the parties shall consider in good faith such requested modification to Exhibit A hereto; provided that, neither party shall be required to agree to any modification of Exhibit A hereto.

3.2 Subject to the terms and conditions of this Agreement, (a) CBA hereby grants AB the right to Produce the Specified Products at one or more US AB Facilities and (b) AB agrees to Produce up to an aggregate 300,000 Barrels of CBA Brands for CBA at the applicable US AB Facilities each calendar year under this Agreement and to deliver such CBA Products in accordance with this Agreement; provided that, the maximum amount of Barrels of CBA Brands that AB shall be required to Produce for CBA under this Agreement in calendar year 2016 or, if the Transition Date (or, if later, the Effective Date) shall not have occurred prior to January 1, 2017, calendar year 2017, shall be prorated based on the portion of such calendar year remaining following the Transition Date (or, if later, the Effective Date). AB shall have the right, in its sole discretion, to determine the US AB Facilities to be used to Produce the CBA Brands and related Specified Products hereunder. The initial US AB Facilities to be used for the Production of the CBA Brands and related Specified Products are set forth on Exhibit B hereto. Notwithstanding anything in this Agreement to the contrary, other than pursuant to Section 2.3 of this Agreement, AB shall not be required to incur any capital expenditures at any US AB Facilities or otherwise to Produce any CBA Brands and related Specified Products; provided that, if CBA agrees in writing to pay AB for the amount of any capital expenditures, AB shall incur such expenditures to the extent doing so would not, in AB’s reasonable determination, result in an unreasonable disruption to AB’s operations at the applicable US AB Facility. AB agrees that, in the event CBA desires to increase the maximum yearly aggregate Barrels of CBA Brands that may be produced by AB under this Agreement, AB and CBA shall discuss such proposed increase in good faith

and, if the parties mutually agree on any such increase, AB and CBA shall modify this Agreement in a mutually agreeable manner to effect such increase.

3.3 During the Initial Transition Period, the parties shall discuss in good faith and mutually agree on the date on which CBA shall provide to AB the initial Rolling Twelve-Month Forecast in accordance with this Section 3.3 (the "Initial Forecast Date"). On the Initial Forecast Date and no later than the fifth business day of each calendar month following the Initial Forecast Date, CBA shall provide to AB a twelve (12) calendar month rolling forecast of the Specified Products that CBA desires to purchase from AB under this Agreement during such period beginning with the second succeeding calendar month (each such forecast, a "Rolling Twelve-Month Forecast"), which Rolling Twelve-Month Forecast shall identify for each calendar month (a) the itemized Specified Products and aggregate Barrels of each CBA Brand CBA so desires to purchase; provided that, (i) the aggregate volume of all CBA Brands that CBA requests AB to Produce and deliver (A) in any given calendar year shall not exceed 300,000 Barrels (or in the case of calendar year 2016 or 2017, as applicable, the prorated portion thereof) and (B) in any given calendar month shall not exceed 40,000 Barrels and (ii) subject to Section 3.7, the aggregate volume of any CBA Brand that CBA requests AB to Produce and deliver in any given calendar year (other than calendar year 2016 or 2017, as applicable) shall be not less than 50,000 Barrels, (b) whether each Specified Product is intended for distribution in the United States and its territories and possessions (a "U.S. Specified Product") or for export outside of the United States and such territories (an "Export Specified Product") and (c) the estimated volume of each U.S. Specified Product to be delivered to each CBA Wholesaler. Each Rolling Twelve-Month Forecast shall be prepared by CBA in good faith on the basis of assumptions that CBA reasonably believes are fair and reasonable in light of existing and reasonably foreseeable business and market conditions at the time made.

3.4 Subject to Section 3.6, representatives of AB and CBA shall conduct monthly planning meetings (each such meeting, a "Monthly Planning Meeting") no later than the fifteenth day of each calendar month (or such other date as the parties may agree) to discuss and plan for the anticipated Production and delivery schedule for the Specified Products during the second succeeding calendar month (the "Production Schedule"), including CBA's desired delivery dates for the Specified Products set forth in the first month of the most recent Rolling Twelve-Month Forecast delivered prior to such Monthly Planning Meeting, the estimated volume of each Specified Product that is an Export Specified Product, the applicable US AB Facility at which CBA desires each Export Specified Product to be Produced, the estimated volume of each U.S. Specified Product to be delivered to each CBA Wholesaler and any other matters relevant to the Production and delivery of the Specified Products. Subject to the other terms and conditions of this Section 3, each of AB and CBA will cooperate in good faith to develop a Production Schedule that takes into account the operational and logistics requirements of the other party for such second succeeding calendar month.

3.5 Subject to Section 3.6, within fifteen (15) days following each Monthly Planning Meeting (and in no event later than the first day of the following calendar month), CBA shall issue a binding order to AB for Specified Products for the second succeeding calendar month following such Monthly Planning Meeting (a "Production Order"), which order shall specify (a) the Specified Products and aggregate Barrels of CBA Brands so ordered; provided that (i) in no event shall (A) the aggregate volume of any CBA Brand or (B) the mix and number of itemized Specified Products so ordered be less than 85%, or more than 115%, of the volume

of such CBA Brand or number of Specified Products, as applicable, forecast for such calendar month in the Rolling Twelve-Month Forecast delivered by CBA at the beginning of the preceding calendar month (or such other volume of such CBA Brands or mix and number of Specified Products as the parties may have agreed in writing during the preceding Monthly Planning Meeting) and (ii) the Barrels of any CBA Brand in a Production Order shall be an integral of 1,000 Barrels, (b) the volume of each Specified Product that is an Export Specified Product and the applicable US AB Facility at which CBA desires each such Export Specified Product to be Produced, (c) the volume of each U.S. Specified Product to be delivered to each CBA Wholesaler and (d) the date CBA desires such Specified Products to be delivered by AB to CBA or, with respect to the U.S. Specified Products, to each such CBA Wholesaler; provided that, CBA shall not issue a Production Order in respect of any Additional Specified Product prior to nine (9) calendar months after delivery by CBA to AB of the Technical Manual with respect to such Additional Specified Product in accordance with Section 9.2 of this Agreement. AB agrees to Produce and deliver the Specified Products that are ordered by CBA in compliance with this Section 3.

3.6 With respect to (a) the U.S. Specified Products set forth on Schedule 3.6 and (b) any other U.S. Specified Products associated with a CBA Brand the Production of which becomes handled solely by AB pursuant to this Agreement, in each case of (a) and (b), after a reasonable transition period following the date on which CBA ceases Producing (or having Produced by any Person other than AB and its Affiliates) such CBA Brand (during which period the procedures set forth in Sections 3.4 and 3.5 shall continue to apply), the parties shall continue to conduct Monthly Planning Meetings with respect to such U.S. Specified Products in accordance with Section 3.4 but, following each such Monthly Planning Meeting, AB shall be responsible for (i) determining the Production Schedule with respect to such U.S. Specified Products, (ii) issuing the related Production Order, (iii) Production and delivery pursuant to such Production Order in compliance with this Section 3 and (iv) forecasts with respect to the shipment and delivery of such U.S. Specified Products to each applicable CBA Wholesaler. In connection with the foregoing, (A) AB agrees to use commercially reasonable efforts to maintain with each CBA Wholesaler inventory levels of such U.S. Specified Products that are no less than the levels applicable to comparable products owned by AB and (B) AB will utilize the same wholesaler inventory management production order system with respect to the U.S. Specified Products as AB utilizes for its own comparable products.

3.7 Notwithstanding anything in Section 3.3 to the contrary, the aggregate minimum volume of Redhook Long Hammer that CBA is required to request AB to Produce and deliver in any given calendar year shall be 10,000 Barrels; provided that, if prior to the Transition Date (or, if later, the Effective Date), AB notifies CBA that the Production of Redhook Long Hammer at such minimum volumes would not, in AB's reasonable determination, be commercially practicable, the parties shall discuss in good faith alternative minimum production volumes with respect to the Production of Redhook Long Hammer. If the parties are not able to agree on an alternative minimum production volume, (a) AB shall have no obligation to Produce Redhook Long Hammer under this Agreement and (b) all Specified Products associated with Redhook Long Hammer shall cease to be Specified Products hereunder.

4. Delivery of the Specified Products.

4.1 AB shall notify CBA in writing of the date and time window on such date for the delivery of the Specified Products specified in any Production Order (a) with respect to the U.S. Specified Products, to each applicable CBA Wholesaler and (b) with respect to the Export Specified Products, to CBA (each such date and time window, a "Delivery Time"). During the Initial Transition Period, the parties shall discuss in good faith and mutually agree on the impact of any difference in the Delivery Time specified by AB with respect to any applicable Production Order and the delivery date for such Specified Products identified in such Production Order, taking into consideration each of the parties' logistical needs.

4.2 With respect to U.S. Specified Products:

4.2.1 AB shall deliver the U.S. Specified Products ordered by CBA pursuant to any Production Order to the applicable CBA Wholesaler or CBA Wholesalers, as the case may be, specified in the applicable Production Order.

4.2.2 CBA shall not be obligated to pay for any U.S. Specified Products ordered by CBA pursuant to any Production Order to the extent the applicable CBA Wholesaler to which AB delivers such Specified Products is not obligated to pay AB for such Specified Products as a result of (a) any loss of, or damage to, such Specified Products prior to the delivery thereof to such CBA Wholesaler by AB or its agents or designees or (b) any defective Specified Products delivered to such CBA Wholesaler by AB or its agents or designees, except to the extent the defect therein was caused by or resulted from (i) AB's Production of the applicable Specified Products in compliance with the Technical Manual, Technical Information or any other requests, instructions or specifications delivered by CBA with respect thereto or (ii) a defect in the Raw Materials or packaging materials used by AB to Produce such Specified Products; provided that, in the case of any such defect in the Raw Materials (other than any starter yeast or hops provided by CBA or its suppliers pursuant to Section 8.1) or packaging materials, AB shall use its reasonable best efforts to diligently pursue all applicable remedies against the supplier thereof in accordance with Section 8.6 and CBA shall cooperate with AB in connection therewith.

4.3 With respect to Export Specified Products:

4.3.1 AB shall deliver the Export Specified Products ordered by CBA pursuant to any Production Order EXW (Incoterms 2010) at the US AB Facility at which such Specified Products have been Produced. Delivery of the Export Specified Products to CBA shall be deemed to have been made when such Specified Products are made available for pick up by CBA or its agents at such US AB Facility. Title to the Export Specified Products and risk of loss with respect thereto shall pass from AB to CBA upon delivery. AB shall package, palletize and prepare for shipment all ordered CBA Products in accordance with the mutually agreeable procedures established between the parties (including that each pallet shall contain only one type of CBA Product) and in accordance with applicable Law. AB shall reimburse CBA for any costs incurred by CBA as a result of any improper packaging, palletizing or preparation of ordered CBA Products. All such shipments shall be accompanied by a packing slip that specifies the quantity and identity of the ordered CBA Products.

4.3.2 If CBA fails to collect any Export Specified Products within two (2) days of the applicable Delivery Time therefor, AB shall have the right to transfer any such

uncollected Specified Products to a reasonably selected third-party warehouse for storage. In such case, title to such Specified Products and risk of loss with respect thereto shall pass from AB to CBA when such Specified Products are delivered to such third-party warehouse for storage. CBA shall be responsible for all out-of-pocket costs and expenses incurred by AB in connection with the transfer to or storage of such Specified Products at such third-party warehouse and, if any such Specified Products become unsalable pursuant to the Technical Manual for the applicable CBA Brands related thereto during the period of such storage, the cost and expense of destroying such Specified Products. CBA shall provide reasonable notice to AB prior to taking delivery of any Export Specified Products at any such third-party warehouse.

4.3.3 If CBA instructs AB to destroy any Export Specified Products which have not been collected from any US AB Facility or applicable third-party warehouse by CBA or one of its agents, CBA shall pay to AB (a) the Production Price and any Applicable Tax CBA would have paid to AB hereunder in respect of such Specified Products and (b) the cost and expense incurred by AB to destroy such Specified Products.

4.4 With respect to any draught Specified Products, AB will utilize (a) its own kegs for delivery of such Specified Products and (b) the same deposit and keg return system with respect to such Specified Products as AB utilizes for its own comparable products.

5. Production Price; Production Fee.

5.1 Production Price.

5.1.1 “Production Price” shall mean:

(a) in the case of the Initial Specified Products, subject to adjustment as provided for in Section 5.2:

(i) with respect to any Initial Specified Product to be delivered by AB to (A) any CBA Eastern Wholesaler, the price set forth with respect to such Initial Specified Product on Schedule 5.1.1(a) hereto under the heading “U.S. Domestic Delivered Price to Wholesaler” and (B) any CBA Western Wholesaler, the price set forth with respect to such Initial Specified Product on Schedule 5.1.1(b) hereto under the heading “U.S. Domestic Delivered Price to Wholesaler”; and

(ii) with respect to any Initial Specified Product that is an Export Specified Product (A) Produced at the Meramec, New Hampshire US AB Facility, the price set forth with respect to such Initial Specified Product on Schedule 5.1.1(a) hereto under the heading “Produced for Export” and (B) Produced at the Fairfield, California US AB Facility, the price set forth with respect to such Initial Specified Product on Schedule 5.1.1(b) hereto under the heading “Produced for Export”; and

(b) in the case of any Additional Specified Product, the applicable price determined by the parties in accordance with Section 5.1.2 of this Agreement and set forth with respect to such Additional Specified Product on Schedule 5.1.1(a) and/or 5.1.1(b) hereto, as applicable,

in each case of clauses (a) and (b), as each such Production Price (x) shall be increased in accordance with the proviso in Section 5.3 of this Agreement and (y) may be increased in accordance with Section 9.4 of this Agreement.

5.1.2 Upon agreeing on an Additional Specified Product in accordance with Section 3.1 of this Agreement, the parties will supplement Exhibit A hereto with the applicable CBA Brand and the related Specified Products and will supplement Schedule 5.1.1(a) and/or 5.1.1(b) with the applicable Production Price therefor. The Production Price in respect of (a) any Additional Specified Product previously Produced by or on behalf of CBA (each, an “Existing CBA Product”) shall be equal to the average of (i) the Historical Total CBA Cost with respect to such Existing CBA Product (in each case after giving effect to whether such Additional Specified Product is to be delivered to CBA Eastern Wholesalers, CBA Western Wholesalers or is to be exported) and (ii) the estimated total cost (utilizing the Benchmark Variable Materials Cost) to AB (the “Estimated Additional Product Cost”) of Producing and delivering such Existing CBA Product, including, with respect to draught Specified Products, the cost of keg use and empty keg return for cooperage and (b) any Additional Specified Product not previously Produced by or on behalf of CBA (a “New Specified Product”) shall be equal to (i) the Estimated Additional Product Cost of such New Specified Product, *plus* (ii) an amount equal to (A) such Estimated Additional Product Cost set forth in clause (b)(i) *multiplied by* (B) the average percentage margin that is earned by AB hereunder for Specified Products with the same package type, size, configuration and delivery location as such New Specified Product.

5.2 Production Price Adjustment.

5.2.1 During the thirty (30) day period following the date that is six (6) months after the Transition Date (or, if later, the Effective Date), CBA and AB agree to discuss in good faith whether the Production Price of the Initial Specified Products is likely to require adjustment pursuant to Section 5.2.2 and, in connection therewith, each party shall provide to the other party any reasonably requested documentation with respect to the Actual Total AB Cost or Historical Total CBA Cost, as applicable, of the Initial Specified Products. Following such discussion, the parties may mutually agree to adjust the Production Price at such time in accordance with the procedures set forth in Section 5.2.2 (with any reference therein to the prior twelve (12) month period being deemed a reference to the prior six (6) month period); provided that, if the parties so agree, no further adjustment of the Production Price shall be conducted pursuant to Section 5.2.2.

5.2.2 During the thirty (30) day period following the date that is twelve (12) months after the Transition Date (or, if later, the Effective Date), CBA and AB agree, with respect to the Initial Specified Products:

(a) to (i) determine the actual total cost to AB (the “Actual Total AB Cost”) of Producing (including giving effect to the cost of hops provided by CBA suppliers pursuant to Section 8.1) and delivering each Initial Specified Product during such prior twelve (12) month period and (ii) confirm the actual Historical Total CBA Cost with respect to each Initial Specified Product (in each case after giving effect to whether such Initial Specified Product is to be delivered to CBA Eastern Wholesalers, CBA Western Wholesalers or is to be exported), and to adjust the applicable Production Prices set forth on Schedule 5.1.1(a) and 5.1.1(b) with respect to such Initial Specified Products from and after the end of such thirty (30) day

period (the date of such adjustment, the “Price Adjustment Date”) to equal the average of (A) the applicable Historical Total CBA Cost (as confirmed pursuant to this Section 5.2.2) and (B) the applicable Actual Total AB Cost, in each case with respect to such Initial Specified Products; provided that, in determining the Actual Total AB Cost and the actual Historical Total CBA Cost with respect to each such Initial Specified Product, the parties shall consider, in good faith, excluding from each of the Actual Total AB Cost and the actual Historical Total CBA Cost, as applicable, any amounts attributable to one-time startup costs or other cost anomalies incurred by AB or CBA, respectively;

(b) to determine the actual per Barrel cost incurred by AB with respect to each of the Variable Materials during such prior twelve (12) month period in the Production of the Initial Specified Products (for any Variable Material, the “Benchmark Variable Materials Cost”); and

(c) if the aggregate Historical Total CBA Cost does not exceed the aggregate Production Prices determined pursuant to Section 5.2.2(a) by at least \$10.00, then the Production Prices for each of the Initial Specified Products SKUs shall be decreased by an equal dollar amount such that the aggregate Historical Total CBA Cost exceeds the aggregate Production Prices (as so decreased) by \$10.00. For purposes of this Section 5.2.2(c), (i) the aggregate Historical Total CBA Cost (A) shall reflect the actual costs of CBA for the twelve (12) months immediately preceding the Transition Date (or if later the Effective Date), (B) shall be determined on a cost per Barrel basis and (C) shall be calculated on a weighted average basis (weighted by volume) on the assumption that CBA delivered the same volumes and SKUs of Initial Specified Products as were actually delivered by AB hereunder during the prior twelve (12) month period, and the allocation of Production as between CBA’s east coast breweries and west coast breweries was in the same proportion as the actual allocation of AB’s Production as between its Fairfield, California brewery and the Merrimack, New Hampshire brewery; and (ii) the aggregate Production Prices (A) shall be expressed on a per Barrel basis and (B) shall be calculated on a weighted average basis (weighted by volume) as applied to the volumes and SKUs of, and location of Production for, the Initial Specified Products actually delivered by AB hereunder during the prior twelve (12) month period.

In connection with the foregoing, (I) each party shall provide to the other party any reasonably requested supporting documentation with respect to, and (II) each party shall have the right, on reasonable prior written notice, during regular business hours, to inspect the applicable books and records of the other party that are relevant to determining, any applicable Actual Total AB Cost, Historical Total CBA Cost, or Benchmark Variable Materials Cost, as applicable, with respect to the Initial Specified Products, and each party shall cooperate with the other party in good faith in connection therewith.

5.3 Production Fee. CBA shall pay AB a fee for the Production and delivery of the Specified Products (the “Production Fee”) in accordance with the invoicing and payment procedures set forth in Section 6 of this Agreement. The Production Fee for each order of Specified Products shall be equal to the sum of:

(a) the aggregate Production Price with respect to such Specified Products, *plus*

(b) any Tax (other than any Tax on the net income of AB or any of its Affiliates) imposed with respect to such Specified Products (the “Applicable Tax”), *plus*

(c) with respect to any U.S. Specified Products, the portion of any freight surcharge applicable to such order and allocable to such Specified Products (it being understood that in no event shall the Production Price of an Initial Specified Product or any Additional Specified Product include any such applicable freight surcharge);

provided that, the Production Price in respect of each Specified Product shall be increased on the first day of each calendar year beginning 2018 by an amount equal to (i) the Production Fixed Cost with respect to such Specified Product, *multiplied by* (ii) (A) on January 1, 2018, a percentage equal to 50% of any increase in the Producer Price Index as of such date as compared to the Producer Price Index as of the date hereof and (B) on the first day of each succeeding calendar year, a percentage equal to 50% of any increase in the Producer Price Index as of such date as compared to the Producer Price Index as of the first day of the immediately preceding calendar year.

5.4 Actual Variable Materials Cost. Within thirty (30) days after the end of each calendar year beginning with the 2018 calendar year, AB will deliver to CBA (the “Variable Cost Notice”) AB’s calculation of (a) the actual per Barrel cost incurred by AB with respect to each of the Variable Materials in such calendar year in the Production of the Specified Products (for any Variable Material, the “Actual Variable Materials Cost”), (b) the aggregate Actual Production Variable Cost incurred by AB with respect to the Specified Products delivered by AB hereunder in such calendar year (the “Actual Aggregate Variable Cost”), (c) the aggregate Benchmark Production Variable Cost with respect to the Specified Products delivered by AB hereunder in such calendar year (the “Benchmark Aggregate Variable Cost”) and (d) the difference between the Actual Aggregate Variable Cost and Benchmark Aggregate Variable Cost (the “Annual Variable Cost Difference”), in each case, together with reasonably detailed supporting documentation with respect to such costs. For each applicable calendar year, (i) if the Actual Aggregate Variable Cost is greater than the Benchmark Aggregate Variable Cost, CBA shall pay to AB the amount of the Annual Variable Cost Difference and (ii) if the Benchmark Aggregate Variable Cost is greater than the Actual Aggregate Variable Cost, AB shall pay to CBA the amount of the Annual Variable Cost Difference, in each case in accordance with the invoicing and payment procedures set forth in Section 6 of this Agreement. CBA shall have the right to dispute, in good faith, any calculation of the Actual Variable Materials Cost, Actual Aggregate Variable Cost, Benchmark Aggregate Variable Cost or Annual Variable Cost Difference included by AB in any Variable Cost Notice, in which case neither party shall be obligated to pay any disputed amount during the pendency of such dispute.

5.5 Dispute Procedures. In the event of any dispute in respect of (a) the determination of the Production Price of any Additional Specified Product pursuant to Section 5.1.2, (b) the Production Price adjustment conducted pursuant to Section 5.2.1 or 5.2.2, as applicable, or (c) the calculation by AB of the Annual Variable Cost Difference pursuant to Section 5.4, each of the parties shall provide any supporting documentation reasonably requested by the other party in connection with the calculation of the Estimated Additional Product Cost, Actual Total AB Cost (including the average percentage margin thereon under this Agreement), Historical Total CBA Cost, Benchmark Variable Materials Cost, Actual Variable Materials Cost, Actual Aggregate Variable Cost, Benchmark Aggregate Variable Cost or Annual Variable Cost

Difference, as applicable (any such item, a “Reviewable Item”), and the parties shall seek to resolve such dispute expeditiously and in good faith. If the parties are not able to resolve such dispute within thirty (30) days following, as applicable, agreement on an Additional Specified Product in accordance with Section 5.1.2, the commencement of the Production Price adjustment pursuant to Section 5.2.1 or 5.2.2 or AB’s delivery to CBA of any Variable Cost Notice pursuant to Section 5.4, the parties shall submit such dispute for review and resolution by PricewaterhouseCoopers LLC or, if such firm is not available at such time, another independent, nationally recognized accounting or consulting firm reasonably acceptable to each party (PricewaterhouseCoopers LLC or such other firm, the “Accounting Firm”), and the Accounting Firm shall make a final determination of any applicable Reviewable Item; provided that, the scope of such review by such Accounting Firm shall be limited to: (a) those matters that remain in dispute and (b) whether the calculations of the applicable Reviewable Item or Reviewable Items were made in accordance with Section 5.1.2, 5.2.1, 5.2.2 or 5.4 of this Agreement, as applicable. In connection with any such dispute, each party shall deliver to the Accounting Firm its calculation of any amount in dispute and supporting documentation therefor. The fees and expenses of the Accounting Firm pursuant to this Section 5.5 shall be paid based upon the relative extent to which the positions of AB and CBA are upheld by the Accounting Firm.

6. Invoicing and Payment.

6.1 On or after each Delivery Time, AB shall issue an invoice (each such invoice, an “Invoice”) to CBA which shall set forth in reasonable itemized detail the following: (a) the Specified Products and aggregate Barrels of each CBA Brand ordered pursuant to the applicable Production Order, (b) the Production Price therefor, less any amounts CBA is not obligated to pay pursuant to Section 4.2.2 of this Agreement, (c) any Applicable Tax in respect thereof, (d) to the extent applicable, the portion of any freight surcharge applicable to such Production Order and allocable to the Specified Products ordered thereunder and (e) the aggregate Production Fee due by CBA with respect to the Specified Products ordered pursuant to such Production Order. Upon the reasonable request of CBA, AB shall provide to CBA reasonably detailed documentation verifying the amount of any Applicable Tax or freight surcharge included in any Invoice issued to CBA.

6.2 CBA shall pay the Production Fee with respect to each Production Order to AB within thirty (30) days of the date of CBA’s receipt of the relevant Invoice therefor.

6.3 Subject to the last sentence of Section 5.4 of this Agreement, AB or CBA, as applicable, shall pay to the other party the Annual Variable Cost Difference determined pursuant to Section 5.4 within thirty (30) days after AB’s delivery to CBA of the Variable Cost Notice with respect to any applicable calendar year.

6.4 The parties agree that if any payment due date falls on a day which is not a business day, then payment shall be made on the first business day following the payment due date, unless that business day would fall after the date of the expiration or termination of this Agreement, in which event payment shall be made on or before the date of expiration or termination of this Agreement.

7. Withholding. Notwithstanding anything in this Agreement to the contrary, CBA shall be entitled to deduct and withhold from any amount otherwise payable to AB pursuant to this

Agreement, such amounts as CBA is required to deduct and withhold with respect to the making of such payment under the Internal Revenue Code of 1986, as amended, or any other provision of federal, state, local or other, whether domestic or non-U.S., Tax law. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall (a) be remitted to the applicable Governmental Authority by CBA and (b) be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made by CBA. CBA shall pay such additional amounts as shall, after the deduction and withholding has been made, leave AB with the full amount that it would have received if no deduction or withholding had been required.

8. Materials.

8.1 AB shall obtain all Raw Materials, packaging materials and any other materials required for the Production of CBA Brands; provided that, from time to time, upon the reasonable request of AB, CBA shall provide AB with the starter yeast required for AB's Production of the CBA Brands. Notwithstanding the foregoing, to the extent CBA has existing contractual obligations with its suppliers as of the date of this Agreement with respect to the purchase of certain hops, for so long as such contractual obligations remain in effect, CBA will (a) cause such hops to be delivered to AB and AB will use such hops in the Production of the Specified Products hereunder and (b) not amend or renew any such agreement or enter into any new agreement in respect of the purchase of such hops without the prior written consent of AB, which consent shall not be unreasonably withheld, conditioned or delayed, except to the extent any such amendment, renewal or new agreement is in respect of the purchase of hops to be used exclusively by CBA in its own Production, in which case no prior written consent of AB shall be necessary.

8.2 Concurrently with providing the Technical Manual to AB with respect to any CBA Brand and the related Specified Products, CBA shall notify AB of the labeling, packaging and Raw Materials requirements with respect thereto and shall provide AB with samples thereof. Notwithstanding the malt ingredient and labeling requirements in the Technical Manuals provided by CBA to AB for the CBA Brands, AB shall (a) use such malt in connection with the Production of each of the CBA Brands hereunder as is customarily used by AB in connection with the Production of its malt beverage products (the "AB Malt") and (b) use applied labels in connection with the Production of the Specified Products of each of the CBA Brands hereunder that are packaged in glass bottles. CBA shall assist AB in transitioning the current malt ingredients and labeling for the Specified Products to AB Malt and applied labels pursuant to CBA's obligations under Section 2.2 of this Agreement.

8.3 During the term of this Agreement, if CBA desires to change the labeling or Raw Materials requirements for any Specified Product in accordance with Section 9.4 of this Agreement, CBA shall provide to AB the new labeling or Raw Materials requirements, as applicable, together with samples thereof and AB shall, at CBA's option, either (a) destroy or deliver to CBA all labels or Raw Materials, as applicable, in AB's inventory that reflect (and in the case of Raw Materials, were exclusively used for) the prior CBA requirements therefor and, in each case, CBA shall pay to AB the cost of (i) such inventory and (ii) the destruction or delivery thereof, as applicable, or (b) permit AB to complete the Production of the applicable Specified Products using AB's existing inventory of labels and Raw Materials therefor, as applicable, until AB has exhausted its supply of such existing inventory. Notwithstanding the

foregoing, CBA shall not be entitled to change the AB Malt or applied labels used by AB as contemplated by Section 8.2.

8.4 During the term of this Agreement, if CBA desires to change the packaging materials requirements for any Specified Product in accordance with Section 9.4 of this Agreement, CBA shall provide to AB the new packaging materials requirements for such Specified Product together with a sample thereof. In the event of any such change in packaging materials requirements for a Specified Product, AB shall undertake to use the prior packaging materials used therefor (the "Prior Packaging Materials") in the ordinary course of AB's business in connection with AB's Production of any other products at the US AB Facilities ("Ordinary Course Production"); provided that, if AB, in its reasonable determination, is unable to use such Prior Packaging Materials in its Ordinary Course Production, AB shall, at CBA's option, either (a) destroy or deliver to CBA all such Prior Packaging Materials, as applicable, in AB's inventory and, in each case, CBA shall pay to AB the cost of (i) such inventory and (ii) the destruction or delivery thereof, as applicable, or (b) permit AB to complete the Production of such Specified Products using AB's existing inventory of such Prior Packaging Materials until AB has exhausted its supply of such existing inventory.

8.5 Notwithstanding AB's general obligations in Section 12.2 of this Agreement, it shall be CBA's responsibility to (a) ensure that the content of the labeling and packaging for the Specified Products (including any required warning labels) comply with applicable Laws and (b) provide AB with all information reasonably required to produce the labels and packaging materials for the Specified Products. Any information provided by CBA pursuant to this Section 8.5 shall be complete and correct when provided to AB.

8.6 In the event of any defect in the Raw Materials (other than any starter yeast or hops provided by CBA or its suppliers pursuant to Section 8.1) or packaging materials used by AB to Produce any CBA Brand, AB shall use its reasonable best efforts to diligently pursue any and all remedies that may be available against the supplier thereof in respect of any Liabilities incurred by CBA arising as a result of such defect, and CBA shall cooperate with AB in connection therewith. AB further agrees to promptly (and in any event, within seven (7) business days of the receipt thereof by AB) remit to CBA any amounts recovered from a supplier in respect of any such Liabilities incurred by CBA, from which AB shall be entitled to deduct its reasonable and documented out-of-pocket costs directly incurred in connection with its obligations pursuant to this Section 8.6; provided that, in the event that any amount recovered by AB from a supplier in respect of a Raw Materials or packaging materials defect (a "Recovered Amount") relates to both (a) Liabilities incurred by AB in connection with AB's Production of products other than CBA Products and (b) Liabilities incurred by CBA arising as a result of such defect, AB shall remit to CBA the ratable portion of such Recovered Amount that relates to the Liabilities incurred by CBA. CBA shall have the right (but not the obligation) to undertake, conduct and control, through appropriate counsel of its own choosing and at CBA's expense, the pursuit of remedies against a supplier of Raw Materials or packaging materials used in the Production by AB of the CBA Products, in each case to the extent such action is solely in respect of Raw Materials or packaging materials used exclusively in the Production of the Specified Products under this Agreement (and not in AB's Production of any other products) or otherwise relates exclusively to CBA Products. In the event CBA assumes control thereof pursuant to the foregoing sentence, AB shall cooperate with CBA in connection with CBA's pursuit of remedies against a supplier of Raw Materials or packaging materials used in AB's Production of the

Specified Products and shall be permitted to participate in the pursuit of any remedies (including by obtaining its own counsel). Without the prior written consent of AB, CBA will not enter into any settlement of any such Liability incurred by CBA which would create any Liability or non-monetary obligation on the part of AB.

9. Technical Manual.

9.1 CBA shall provide AB with the Technical Manual and any other applicable Technical Information in respect of any given CBA Brand prior to placing any order for any Specified Products related to such CBA Brand.

9.2 With respect to any Additional Specified Products added to Exhibit A hereto in accordance with Section 3.1 and Section 5.1.2 of this Agreement, CBA shall deliver to AB the Technical Manual and any other applicable Technical Information in respect of the CBA Brand related to such Additional Specified Products as promptly as reasonably practicable after the parties agree on such Additional Specified Product in accordance with Section 3.1.

9.3 AB shall Produce the CBA Brands at the US AB Facilities in all material respects in accordance with the applicable Technical Manual. Except as set forth in Section 8.2 of this Agreement, AB shall make no material deviation from the Technical Manual for any CBA Brand without the prior written consent of CBA, which approval shall not be unreasonably withheld, conditioned or delayed.

9.4 Subject to AB's right to use AB Malt and applied labels in the Production of the Specified Products as contemplated by Section 8.2 and the provisions of this Section 9.4, the Technical Manual for any CBA Brand may be supplemented and amended by CBA from time to time, including with respect to any changes CBA desires to make to the Raw Materials, labeling or packaging requirements for the Specified Products. Should CBA amend or supplement any such Technical Manual, CBA shall provide AB with a copy of the amendments or supplements with sufficient time to alter the Production of the applicable CBA Brand (if any alteration is necessary) to comply with such amendments or supplements; provided that, (a) no such amendment or supplement shall be effective or permitted if it would result in (i) a conflict with applicable Laws, (ii) in AB's reasonable determination, an unreasonable disruption to AB's operations at any applicable US AB Facility, or (iii) AB incurring capital expenditures at the US AB Facilities or otherwise, unless CBA agrees in writing to pay AB for the amount of any such capital expenditures and such expenditures would not, in AB's sole determination, result in an unreasonable disruption to AB's operations at the applicable US AB Facility, (b) (i) the Production Price of each affected Specified Product shall be increased by the applicable portion of the per Barrel increase in the Actual Total AB Cost thereof resulting from such amendment or supplement to the Technical Manual (and the parties shall update Schedule 5.1.1(a) and/or 5.1.1(b), as applicable, to reflect such increased Production Price) and (ii) CBA shall pay all other costs and expenses, without duplication, that arise as a result of such amendment or supplement to the Technical Manual, and (c) any updates or supplements to the Technical Manual shall be consistent with those applicable to CBA's own Production of the CBA Brands.

10. Intangible Rights.

10.1 Grant. CBA hereby grants to AB, and AB hereby accepts, a non-exclusive, non-transferable, sub-licensable, royalty-free right to use the Intangible Rights that are owned or licensed by CBA related to the Specified Products and any similar intangible rights owned or licensed by CBA that are necessary for the Production and sale of the Specified Products by AB as contemplated by this Agreement (collectively, the “CBA Intangible Rights”), solely for the purposes of Producing the Specified Products at the US AB Facilities and delivering and selling such Specified Products to CBA or the applicable CBA Wholesalers. For the avoidance of doubt, the foregoing right includes the right of AB to place the names of the CBA Brands on the labels of Specified Products. As between the parties, CBA retains sole and exclusive ownership rights to the CBA Intangible Rights. All goodwill accruing as a result of the use of the CBA Intangible Rights will inure to the benefit of CBA.

10.2 No Challenge. AB agrees that it shall not challenge, on the basis of the transactions described in this Agreement, the ownership by CBA of the registered trademarks contained within the CBA Intangible Rights, or the goodwill associated therewith, during the term of this Agreement.

10.3 Protection of CBA Intangible Rights. CBA shall take all commercially reasonable actions to protect the CBA Intangible Rights. CBA shall pay all renewal and other fees necessary to maintain the registrations and validity of the CBA Intangible Rights in all cases where any such fees are required to be paid, and shall prosecute any applications therefor with due diligence during the term of this Agreement.

10.4 Representations and Warranties. CBA represents and warrants that (a) it is the owner or licensee and has the right to grant the rights to the CBA Intangible Rights to AB as provided under this Agreement, (b) AB’s permitted use of the CBA Intangible Rights under this Agreement does not conflict with any agreement, judgment or other obligation of CBA and will not violate any applicable Law, in each case, in any material respect, (c) AB’s permitted use of the CBA Intangible Rights hereunder will not infringe the Intangible Rights of any third person and (d) Schedule 5.1.1 sets forth a good faith estimate of the Historical Total CBA Cost with respect to each of the Initial Specified Products.

10.5 Notices. AB agrees that Specified Products shall bear appropriate proprietary legends or notices as specified in advance in writing by CBA from time to time.

11. Infringement.

11.1 Infringement By AB. AB shall notify CBA of any and all written allegations or claims by others which may come to its attention that the use of the CBA Intangible Rights infringes, misappropriates or violates the Intangible Rights of any third party, or violates or is contrary to any applicable Law. In addition to CBA’s obligation to indemnify AB as provided in Section 13 of this Agreement, CBA shall procure for AB the right to continue to use the CBA Intangible Rights which are the subject of the claim or allegation, or to modify the same so that it becomes non-infringing.

12. Compliance with Law.

12.1 CBA represents and warrants that the Technical Manual and the Technical Information shall comply in all material respects with all applicable Laws and industry standards

(as amended from time to time) that are relevant to the Production of the CBA Brands and related Specified Products.

12.2 AB shall, at AB's own cost and expense, (a) secure and maintain all necessary Governmental Approvals, including governmental permits, licenses and certifications, in each case with respect to the Production, storage and delivery of the Specified Products, and (b) fulfill in all material respects all other applicable legal requirements and undertakings, in each case of clauses (a) and (b), as required for the sourcing of the applicable Raw Materials used in the brewing of the CBA Brands and the Production of the CBA Brands and related Specified Products in the United States in accordance with the terms and conditions of this Agreement, and CBA shall reasonably cooperate, at AB's expense, in connection therewith.

12.3 CBA shall, at CBA's own cost and expense, secure and maintain all necessary Governmental Approvals, including governmental permits, licenses and certifications, and fulfill in all material respects all other applicable legal requirements and undertakings, in each case as required for the distribution and sale (including with respect to labels and packaging) of the Specified Products in accordance with the terms and conditions of this Agreement, and AB shall reasonably cooperate, at CBA's expense, in connection therewith.

12.4 Neither party shall have any rights or obligations under this Agreement and none of its provisions shall be operative unless and until AB and CBA obtain all Governmental Approvals necessary to Produce the CBA Brands at the US AB Facilities.

12.5 Notwithstanding anything to the contrary in this Agreement, this Section 12 shall not apply to any matters relating to the AB Consent Decrees, the DOJ Submissions or any Legal Restraint arising therefrom or in connection therewith, which matters are addressed solely in Section 2.1.

13. Indemnification.

13.1 AB shall defend, indemnify, and hold harmless each of CBA, its Affiliates and each of their respective directors, officers, employees, shareholders, and agents, from and against any and all injuries, claims, liabilities, losses, expenses, taxes, damages, demands, actions, causes of action, suits, proceedings and judgments of whatsoever type or nature, including, without limitation, reasonable attorneys' fees and expenses, court costs, and other legal expenses ("Liabilities") incurred by it or them in connection with any claim based upon or arising from any breach by AB of its obligations under this Agreement or any inaccuracy of any representation or warranty made by AB under this Agreement.

Nothing herein shall require AB to indemnify, protect, defend or hold harmless any indemnitee with respect to any claim to the extent such claim arises from, is connected with or is attributable to CBA's breach of its obligations under this Agreement.

13.2 CBA shall defend, indemnify, and hold harmless AB and its directors, officers, employees, shareholders and agents from and against any and all Liabilities incurred by it or them in connection with any claim based upon or arising from:

13.2.1 any breach by CBA of its obligations under this Agreement or any inaccuracy of any representations or warranties made by CBA under this Agreement;

13.2.2 the content of the labels and packaging for the Specified Products (so long as such content was unaltered by AB);

13.2.3 any defect in any Specified Product that was caused by or resulted from AB's Production of the applicable Specified Product in compliance with the Technical Manual, Technical Information or any other requests, instructions or specifications delivered by CBA with respect thereto; and

13.2.4 any infringement, misappropriation, or other violation of Intangible Rights of third parties arising or alleged to arise from the use of the CBA Intangible Rights.

Nothing herein shall require CBA to indemnify, protect, defend or hold harmless any indemnitee with respect to any claim to the extent such claim arises from, is connected with or is attributable to AB's breach of its obligations under this Agreement.

13.3 Notwithstanding any other provision of this Agreement, except to the extent such Liabilities are payable by the applicable indemnified party in connection with a third party claim, neither AB nor CBA shall have any Liability to the other party whether in contract (including under any indemnity), tort (including negligence) or for breach of legal duty or in any other way for (a) any loss of goodwill or reputation, profits, contracts, business or anticipated savings or (b) any special, consequential or indirect losses, in each such case whether or not such losses were within the contemplation of the parties at the date of this Agreement.

13.4 If a claim by a third party is made against a party indemnified pursuant to this Section 13 and if such indemnified party intends to seek indemnity with respect thereto, the indemnified party shall promptly (and in any case within thirty (30) days of such claim being made) notify the indemnifying party of such Liability; provided, however, that any failure of the indemnified party to promptly notify the indemnifying party of such claim shall not relieve the indemnifying party of its obligations pursuant to this Section 13, except to the extent that the indemnifying party is actually prejudiced as a result of such failure.

13.5 The indemnifying party shall have the right (but not the obligation) to undertake, conduct and control, through appropriate counsel of its own choosing and at the indemnifying party's expense, the settlement or defense of any claim by a third party for which the indemnifying party is obligated to indemnify the other party hereunder; provided that the indemnifying party (a) acknowledges in writing its obligation to indemnify the indemnified party hereunder against any Liabilities that may result from such third party claim and (b) proceeds with such defense in good faith, expeditiously and diligently. If the indemnifying party does not notify the indemnified party in writing that it will defend any such matter within twenty (20) days after receipt of notice from the indemnified party of the existence of the Liability, the indemnifying party shall have no right to defend such matter, and the indemnified party shall have full right and power to defend, settle or otherwise deal with and dispose of the matter and shall be indemnified for the fees and expenses of counsel retained for such purpose and any judgment or settlement amount.

13.6 The indemnified party shall cooperate with the indemnifying party in connection with any defense by the indemnifying party of a claim pursuant to Section 13.5, but the indemnifying party shall permit the indemnified party to participate in such settlement or

defense through counsel chosen by the indemnified party and the fees and expenses of such counsel shall be borne by the indemnified party. Without the prior written consent of the indemnified party, the indemnifying party will not enter into any settlement of any such Liability which would create (a) any financial obligation on the part of the indemnified party which the indemnifying party has not agreed in writing to pay in full or (b) any non-monetary obligation on the part of the indemnified party, and the indemnifying party shall, after any such settlement or the resolution of any claim, promptly reimburse the indemnified party for the full amount of any Liability resulting from such claim not theretofore paid by the indemnifying party. Except as provided in Section 13.5, the indemnified party will not enter into any settlement or pay (except pursuant to a judgment) any such claim without the prior written consent of the indemnifying party, which consent shall not unreasonably be withheld, conditioned or delayed.

14. Insurance. Each party shall keep in force at all times while any CBA Brand is being brewed by AB at the US AB Facilities, general liability insurance with both “products” and “contractual” coverage for aggregated claims in the minimum amount of \$10,000,000, and shall furnish the other party a certificate from a financially responsible insurance company evidencing that such insurance is in force, naming the other party as an additional insured and providing that such coverage may not be cancelled or materially changed without thirty (30) days prior written notice to the other party. Any such policy of insurance shall contain a waiver of subrogation.

15. Warranties.

15.1 Warranty of Authority. Each of the parties hereto represents and warrants to the other party that (a) it has the full right, power and authority to enter into this Agreement and to carry out its obligations hereunder and (b) that it has no obligations to any other party that is inconsistent with its obligations under this Agreement.

15.2 DISCLAIMER OF WARRANTY. EXCEPT AS PROVIDED IN SECTIONS 2.4, 10.4, 12.1 AND 15.1 OF THIS AGREEMENT: (A) NO PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES WHATSOEVER, WHETHER EXPRESS OR IMPLIED, HEREUNDER AND, WITHOUT LIMITATION, NO PARTY MAKES ANY WARRANTY OF TITLE, FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY; AND (B) NO PARTY MAKES ANY REPRESENTATION OR WARRANTY THAT THE BREWING, BOTTLING, PACKAGING OR SALE OF SPECIFIED PRODUCTS HEREUNDER BY ANY PERSON OR ENTITY WILL NOT CONSTITUTE AN INFRINGEMENT OF THE PATENT, TRADEMARK OR OTHER INTANGIBLE RIGHTS OF OTHERS.

16. Term and Termination.

16.1 Term. Subject to Section 2.1 of this Agreement, the term of this Agreement shall commence on the date first set forth above and continue until December 31, 2026 unless earlier terminated as set forth herein.

16.2 Termination

16.2.1 Termination by CBA and AB. This Agreement may be terminated at any time by the mutual written agreement of the parties.

16.2.2 Termination by CBA or AB. Either party may terminate this Agreement upon written notice given to the other party:

- (a) if the other party fails to perform any material obligation under this Agreement (including failure to timely make any payment required under this Agreement) and such failure remains uncured for a period of thirty (30) days following written notice thereof by the nonbreaching party;
- (b) if the International Distribution Agreement is terminated by such party pursuant to Section 8.02(i) or 8.02(ii) thereof;
- (c) subject to Section 19, upon the termination of the Master Distributor Agreement pursuant to Sections 7.02(a), 7.02(b), 7.02(f), 7.03(i) or 7.03(v) thereof; or
- (d) if (i) the other party makes an assignment for the benefit of creditors or commences a voluntary case or proceeding or consents to or acquiesces in the entry of an order for relief against itself in an involuntary case or proceeding under any bankruptcy, reorganization, insolvency or similar law; (ii) a trustee or receiver or similar officer of any court is appointed for the other party or for a substantial part of the property of the other party; or (iii) bankruptcy, reorganization, insolvency or liquidation proceedings are instituted against the other party without such proceedings being dismissed within ninety (90) days from the date of the institution thereof.

16.2.3 Termination by AB. AB may terminate this Agreement upon ninety (90) days' prior written notice to CBA at any time following (a) a Change of Control Event (i) that occurs prior to the third (3rd) anniversary of the date hereof or (ii) that occurs following the third (3rd) anniversary of the date hereof but definitive agreements for which were entered into by CBA prior to the third (3rd) anniversary of the date hereof or (b) if AB or one of its Affiliates shall have made a Qualifying Offer to CBA, the earliest of (i) such time as CBA has indicated to AB that is not willing to enter into an agreement with AB or such Affiliate on the terms and conditions proposed in such Qualifying Offer, (ii) the consummation of the transaction underlying such Qualifying Offer and (iii) one hundred and twenty (120) days following the receipt by CBA of such Qualifying Offer, if the parties have not entered into definitive documentation with respect thereto; provided that, (A) the right to terminate this Agreement pursuant to this clause (iii) shall not be available to AB if, during such one hundred and twenty (120) day period, AB has not engaged, and CBA has engaged, in good faith and reasonable efforts to discuss and negotiate a definitive public company style transaction agreement with respect to such Qualifying Offer that satisfies the requirements of clauses (a) and (b) of the definition thereof and (B) in the event of any good faith dispute between the parties as to whether (I) the Qualifying Offer made by AB satisfies the requirements of clauses (a) and (b) of the definition thereof or (II) AB has engaged in good faith and reasonable efforts to discuss and negotiate a definitive agreement with respect to such Qualifying Offer, the right of AB to terminate this Agreement pursuant to this clause (iii) shall not be available during the pendency of such dispute; provided, further, that, if any such dispute is resolved in favor of AB, within thirty (30) days of the resolution thereof, CBA shall pay to AB (x) the amount of any outside counsel fees reasonably incurred by AB in contesting such dispute and (y) with respect to any Specified Products purchased by CBA under this Agreement after the date on which this

Agreement would have terminated had AB exercised its termination right on the first date such right was available to AB pursuant to this clause (iii) (without giving effect to any proviso in this Section 16.2.3) (the “Original Termination Date”), (I) with respect to any such Specified Products that are Initial Specified Products or Existing CBA Products, the difference between (1) the aggregate sum of the Historical Total CBA Cost with respect to all such Specified Products and (2) the aggregate Production Price paid by CBA to AB for all such Specified Products and (II) with respect to any such Specified Products that are New Specified Products, an amount equal to (1) the aggregate Production Price of such New Specified Products, *multiplied by* (2) the margin over the aggregate Production Price of the Initial Specified Products and Existing CBA Products payable by CBA pursuant to the preceding clause (I), in each case of (x) and (y), together with interest accrued on such aggregate amount at the U.S. Prime Rate per month from the Original Termination Date until the date such amount is paid in full to AB; provided, further, that, if any such dispute is resolved in favor of CBA, within thirty (30) days of the resolution thereof, AB shall pay CBA the amount of any outside counsel fees reasonably incurred by CBA in contesting such dispute, together with interest accrued on such amount at the U.S. Prime Rate per month from the Original Termination Date until the date such amount is paid in full to CBA.

16.2.4 Termination by CBA. CBA may terminate this Agreement at any time upon one hundred and eighty (180) days’ prior written notice to AB.

16.3 Repurchase upon Termination. On expiration or termination of this Agreement for any reason, AB shall forthwith immediately cease the Production of the Specified Products (or, if this Agreement is terminated by CBA under Section 16.2.2(a) of this Agreement (but not otherwise), at CBA’s request, complete all work in progress) and deliver or transfer to CBA or its agents, at CBA’s request, (a) all Specified Products and (b) existing Raw Materials, inventory and any other materials purchased by AB in connection with AB’s Production of the CBA Brands that are in AB’s possession and are not otherwise usable by AB in connection with AB’s Production of any other products at the US AB Facilities (collectively, the “CBA Inventory”). CBA shall pay AB an amount equal to the Production Fee attributable to such Specified Products and the cost and expense incurred by AB to purchase, store and deliver to CBA such CBA Inventory, as applicable, and AB shall deliver and transfer to CBA (at CBA’s cost and expense) all Technical Information.

16.4 Termination of Right to use CBA Intangible Rights. Upon expiration or any termination of this Agreement, AB shall wind down and cease its and its sub-licensees’ use of the CBA Intangible Rights hereunder as soon as commercially practicable, except to fill any Production Orders in respect of Specified Products received prior to the effective date of such expiration or termination. For the avoidance of doubt, this Section 16.4 shall in no event have any effect on any right or license to Intangible Rights granted by CBA to AB or any of its Affiliates under any other agreement or arrangement between CBA and AB or any of its Affiliates.

16.5 Survival of Rights and Obligations. Termination of this Agreement shall not prejudice any rights of either party hereto against the other which may have accrued up to the date of termination. In addition, the provisions of Sections 16.3, 16.4 and 16.5 and Articles 1, 13, 17, 20 and 21 shall survive the expiration or earlier termination of this Agreement.

17. Confidentiality.

17.1 During and subsequent to the term of this Agreement, each party (the “receiving party” and, the other party, the “disclosing party”) shall treat and shall cause its respective employees, officers, directors, advisors, representatives, subsidiaries, Affiliates, assigns, subcontractors and any and all persons or business entities acting under one or any of them, to treat as confidential property and not disclose to any other Person or use in any manner, except as is necessary to perform this Agreement (and then only on a confidential basis satisfactory to both parties), any confidential information regarding the disclosing party’s prices, plans, programs, processes, products, costs, equipment, operations or customers (including, without limitation, the Technical Manual and the Technical Information received by AB and information received by CBA regarding the Production or delivery of the Specified Products by AB) (“Confidential Information”) which may come within the knowledge of such party, its officers, employees or advisors in the performance of this Agreement, without in each instance securing the prior written consent of the disclosing party.

17.2 Section 17.1 of this Agreement shall not prevent either AB or CBA from disclosing to any other person or using in any manner, information that such party can show:

17.2.1 has been published or has become part of the public domain without any breach of this Agreement other than by acts, omissions or fault of such party or its employees or agents;

17.2.2 has been furnished or has been made known to such party by third parties (other than those acting directly or indirectly for or on behalf of the disclosing party) as a matter of legal right without contractual or fiduciary restrictions on its disclosure;

17.2.3 was in such party’s lawful possession prior to the disclosure thereof by the disclosing party;

17.2.4 is later independently developed by the receiving party without use or reference to the Confidential Information; or

17.2.5 subject to Section 17.3, has been required on the advice of counsel to be disclosed by applicable Law.

17.3 If any party is required by applicable Law to disclose Confidential Information, such party shall provide notice thereof to the disclosing party and undertake reasonable steps to provide the disclosing party with an opportunity to object to such disclosure. In the absence of a protective order or the receipt of a waiver from the disclosing party, the receiving party will endeavor to disclose only that portion of the Confidential Information that such party’s counsel advises is legally required to be disclosed and shall use commercially reasonable efforts (at the disclosing party’s expense) to obtain reliable assurances that confidential treatment will be accorded to any Confidential Information required to be disclosed in accordance with the terms of this Agreement.

17.4 The parties shall consult with each other before issuing, and give each other the reasonable opportunity to review and comment upon, any press release or other public statements with respect to this Agreement and the transactions contemplated hereby and shall not issue any such press release or make any such public statement prior to such consultation, except (a) as such party may reasonably conclude may be required by applicable Law, court process or by

obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system, in which case the receiving party shall give the disclosing party as much advance notice of such disclosure as is reasonably possible and shall otherwise comply with Section 17.3, to the extent applicable, and (b) communications that are substantially similar to communications previously approved pursuant to this Section 17.4 of this Agreement. The initial press release to be issued with respect to the transactions contemplated by this Agreement shall be in a form agreed to by the parties.

17.5 Neither party shall make any Confidential Information available to anyone other than those of its respective employees and advisors who need such Confidential Information to enable them to perform this Agreement.

17.6 These secrecy obligations with respect to the Confidential Information shall, subject to Section 17.2, survive the termination or expiration of this Agreement.

18. Project Husky. From and after the date hereof and until the earlier of August 23, 2017 and the parties' entry into definitive agreements with respect thereto, AB and CBA agree to continue to consider and discuss in good faith the implementation of the items set forth on Schedule 18. In addition, at the reasonable request of either party from time to time, the parties shall discuss in good faith other measures proposed by either party to improve efficiencies, reduce costs or otherwise enhance the effectiveness of the parties' commercial arrangements. Notwithstanding anything to the contrary in the foregoing, the failure by the parties to enter into definitive agreements relating to the items set forth on Schedule 18 or any other matters discussed pursuant to this Section 19 shall in no event be deemed to be a breach of either party's obligations hereunder or result in any Liability to either party under this Agreement.

19. Master Distributor Agreement. The parties recognize that the financial and operational terms of this Agreement were drafted and will be implemented in the context of an Affiliate of AB acting as the master distributor for CBA in the United States and its territories and possessions and that such terms will not be appropriate or practicable if such U.S. master distribution arrangement is terminated. Accordingly, prior to any exercise by either party of its rights under Section 16.2.2(c) hereof, for a period of not less than sixty (60) days, the parties shall discuss in good faith (a) the feasibility and desirability of continuing the arrangements described in this Agreement in the absence of a U.S. master distribution arrangement between the parties and their respective Affiliates and (b) if the parties determine that continuing the arrangements contemplated by this Agreement is feasible and desirable, any modifications or amendments to this Agreement (including to the Production Price and provisions hereof relating to the delivery and ordering of, and forecasts for, the U.S. Specified Products) that may be necessary or advisable in connection with continuing such arrangements. In the event the Master Distributor Agreement is terminated pursuant to Section 7.03(ii), 7.03(iii) or 7.03(iv) thereof (other than in circumstances where AB exercises its right to terminate this Agreement pursuant to Section 16.2.3), the parties will amend the financial and operational terms of this Agreement to give effect to the cessation of the U.S. master distribution arrangement between CBA and AB's Affiliate.

20. Notices. Any notice, request or demand to be given or made under this Agreement shall be in writing and shall be deemed to have been duly given or made (a) upon delivery, if delivered by hand and addressed to the party for whom intended at the address listed below, (b)

when transmitted and receipt is confirmed by telephone or e-mail transmission, if delivered electronically and addressed to the party for whom intended at the e-mail address listed below; provided, that a copy of such electronic transmission is promptly deposited for delivery by one of the methods listed in (a) or (c) of this Section 20, or (c) ten (10) days after deposit in the mails, if sent certified or registered air mail (if available) with return receipt requested, or five (5) days after deposit, if deposited for delivery with a reputable courier service, and in each case addressed to the party for whom intended at the address listed below:

If to CBA, to: Craft Brew Alliance, Inc.

929 N. Russell St.
Portland, Oregon 97227
Attn: Chief Executive Officer
General Counsel
E-mail: Andy.Thomas@craftbrew.com
Marcus.Reed@craftbrew.com

If to AB, to: A-B Commercial Strategies, LLC

One Busch Place
Saint Louis, Missouri 63118
Attn: Vice President Supply – High End
Senior Associate General Counsel
E-mail: Thomas.OConnell@anheuser-busch.com

Thomas.Larson@anheuser-busch.com

Any party may change its address and/or e-mail for the purposes of this Section 20 by written notice hereunder given to the other party at least ten (10) days prior to the effective date of such change.

21. Miscellaneous.

21.1 Payments. All payments made under this Agreement shall be made in U.S. dollars by means of wire transfer to an account designated by AB or CBA, as applicable, from time to time.

21.2 Relationship. The parties shall be and act as independent contractors and under no circumstances shall this Agreement be construed to create any agency, partnership, joint venture or employment relationship between the parties. Neither party has any authority to bind the other in any way except as may be otherwise expressly stated in this Agreement. The parties recognize that during the period of this Agreement, there will be employees of one party upon the premises of the other. It is understood and agreed that on such occasions the employees of each party shall remain the employees of that party solely, and that each party shall be solely responsible for the wages and benefits for its employees, and that any injury which may be sustained by an employee shall be covered under the workers' compensation insurance of the party by which such employee is employed.

21.3 Assignment. This Agreement will be binding upon, and will inure to the benefit of, the parties hereto and their respective successors and permitted assigns. CBA may not assign this Agreement to any Person without the prior written consent of AB. AB may assign this Agreement to any Affiliate wholly owned by Anheuser-Busch InBev nv/sa; provided that (a) such assignment does not deny CBA any of the benefits of this Agreement and (b) AB shall remain liable for its rights and obligations hereunder notwithstanding any such assignment.

21.4 Entire Agreement. THIS AGREEMENT, INCLUDING ALL ATTACHMENTS HERETO, CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND SUPERSEDES ALL PRIOR OR CONTEMPORANEOUS AGREEMENTS IN REGARD THERETO.

21.5 Amendment. This Agreement cannot be altered or modified except by an agreement in writing signed by authorized representatives of both parties and specifically referring to this Agreement.

21.6 Severability. If any provision of this Agreement shall be determined to be illegal or unenforceable by any court of law or any competent governmental or other authority, the remaining provisions shall be severable and enforceable in accordance with their terms so long as this Agreement without such terms or provisions does not fail in its essential commercial purpose or purposes. The parties will negotiate in good faith to replace any such illegal or unenforceable provision or provisions with suitable substitute provisions that will maintain the economic purposes and intentions of this Agreement.

21.7 Counterparts. This Agreement may be executed in one or more counterparts and shall be the valid and binding agreement of the parties when the counterparts of this Agreement have been duly executed and delivered by each party hereto.

21.8 Headings. The section and subsection headings in this Agreement are inserted for convenience only and are in no way intended to define or limit the scope, extent or intent of any provision of this Agreement.

21.9 Mutual Negotiation in Drafting. The parties acknowledge each party and its counsel have materially participated in the drafting of this Agreement. Consequently, the rule of contract interpretation, that ambiguities, if any, in a writing be construed against the drafter, shall not apply.

21.10 Waiver. Failure by either party to insist on strict performance by the other of any term, condition or obligation set forth in this Agreement shall not be deemed a waiver of the same or any similar breach, and no waiver of any provision hereof shall be effective unless in writing, specifying the provision to be waived.

21.11 Force Majeure. If by reason of Force Majeure either party is unable in whole or in part to carry out any of its agreements contained herein, such party shall not be deemed in default during the continuance of such inability. The term "Force Majeure" as used herein shall mean any cause or event beyond the reasonable control of a party, including but not limited to the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; acts of terrorism; insurrections; riots; landslides; earthquakes; fires; epidemics; storms; droughts, floods or explosions. Each party agrees to notify the other party, in writing, upon

learning of the occurrence of such event of Force Majeure and to remedy with all reasonable dispatch the cause or causes preventing it from carrying out the Agreement and to use commercially reasonable efforts to resume its performance with the least practicable delay.

21.12 Governing Law. This Agreement is entered into in the State of Missouri and will be governed by and construed under the laws of Missouri, including the Uniform Commercial Code as in effect in the State. The parties agree that any legal or equitable action or proceeding with respect to this Agreement shall be brought in the United States District Court for the Eastern District of Missouri (or if such court does not have jurisdiction, in any court of general jurisdiction in the County of St. Louis, Missouri).

21.13 Other Agreements. It is agreed and understood that CBA and Affiliates of AB are parties to (a) a Master Distributor Agreement whereby an Affiliate of AB is the master distributor of certain of the CBA Products, (b) an International Distribution Agreement whereby an Affiliate of AB is granted exclusive rights to import certain CBA products into certain non-U.S. jurisdictions, (c) an Exchange and Recapitalization Agreement whereby an Affiliate of AB has certain contractual and consent rights in respect of CBA and (d) a Registration Rights Agreement whereby an Affiliate of AB may require CBA to register with the Securities and Exchange Commission the sale of CBA securities held by AB or its Affiliates (the “Registration Rights Agreement” and, together with the Master Distributor Agreement, the International Distribution Agreement and the Exchange and Recapitalization Agreement, the “Additional Agreements”). No provision of this Agreement should be construed as affecting either party’s rights or obligations under any of the Additional Agreements or any other agreement unless this Agreement specifically references such Additional Agreements or such other agreement with respect to such rights and obligations.

The parties have executed this Agreement as of the date first set forth above.

CRAFT BREW ALLIANCE, INC.

A-B COMMERCIAL STRATEGIES, LLC

By: /s/ Andrew J. Thomas

By: /s/ Thomas Larson

Name: Andrew J. Thomas

Name: Thomas Larson

Title: Chief Executive Officer

Title: Secretary

By: /s/ Jeff Karrenbrock

Name: Jeff Karrenbrock

Title: Vice President, Controller and Assistant Treasurer

[Signature Page to Contract Brewing Agreement]

EXHIBIT A

CBA BRANDS AND SPECIFIED PRODUCTS

CBA BRAND	SKUs
Kona Big Wave Golden Ale	4/6 12 oz. bottles
	12/12 12 oz. bottles
	4/6 12 oz. cans
	12/12 12 oz. cans
	6/4 16 oz. cans
	1/2 bbl draft
	1/6 bbl draft
Kona Longboard Island Lager	4/6 12 oz. bottles
	12/12 12 oz. bottles
	4/6 12 oz. cans
	12/12 12 oz. cans
	6/4 16 oz. cans
	1/2 bbl draft
	1/6 bbl draft
Redhook Long Hammer IPA	4/6 12 oz. cans
	12/12 12 oz. cans
	6/4 16 oz. cans
	1/2 bbl draft
	1/6 bbl draft

EXHIBIT B

US AB FACILITIES

1. AB brewery in Fairfield, California
 2. AB brewery in Meramec, New Hampshire
-

Schedule 3.6

1. Kona Big Wave Golden Ale
 2. Kona Longboard Island Lager
-

CONFIDENTIAL TREATMENT REQUESTED. Portions of this document have been redacted and separately filed with the Securities and Exchange Commission. The redacted portions are marked with “[***]” in this document.

2016 Cost Exhibit - East

Schedule 5.1.1 (a)

CBA Production Costs (1)

Eastern Production																				
		Longboard							Big Wave							Longhammer				
		4/6	12/12	4/6 C	12/12 C	6/4/16 C	1/2	1/6	4/6	12/12	4/6 C	12/12 C	6/4/16 C	1/2	1/6	4/6 C	12/12 C	6/4/16 C	1/2	1/6
\$/BBL																				
\$/Unit		[***]																		
U.S. Domestic Delivered Price to Wholesaler																				
		Longboard							Big Wave							Longhammer				
		4/6	12/12	4/6 C	12/12 C	6/4/16 C	1/2	1/6	4/6	12/12	4/6 C	12/12 C	6/4/16 C	1/2	1/6	4/6 C	12/12 C	6/4/16 C	1/2	1/6
\$/BBL																				
\$/Unit		[***]																		
Produced for Export																				
		Longboard							Big Wave							Longhammer				
		4/6	12/12	4/6 C	12/12 C	6/4/16 C	1/2	1/6	4/6	12/12	4/6 C	12/12 C	6/4/16 C	1/2	1/6	4/6 C	12/12 C	6/4/16 C	1/2	1/6
\$/BBL																				
\$/Unit		[***]																		
Note: Some 12 oz bottles to be produced with Euro or Asia-Label																				

(1) Cost support
[***]

CONFIDENTIAL TREATMENT REQUESTED. Portions of this document have been redacted and separately filed with the Securities and Exchange Commission. The redacted portions are marked with “[***]” in this document.

2016 Cost Exhibit - West

Schedule 5.1.1 (b)

CBA Production Costs [1]

Western Production		Longboard						Big Wave						Longhammer						
		4/6	12/12	4/6 C	12/12 C	6/4/16 C	1/2	1/6	4/6	12/12	4/6 C	12/12 C	6/4/16 C	1/2	1/6	4/6 C	12/12 C	6/4/16 C	1/2	1/6
\$/BBL		[***]																		
\$/Unit		[***]																		

U.S. Domestic Delivered Price to Wholesaler		Longboard						Big Wave						Longhammer						
		4/6	12/12	4/6 C	12/12 C	6/4/16 C	1/2	1/6	4/6	12/12	4/6 C	12/12 C	6/4/16 C	1/2	1/6	4/6 C	12/12 C	6/4/16 C	1/2	1/6
\$/BBL		[***]																		
\$/Unit		[***]																		

Produced for Export		Longboard						Big Wave						Longhammer						
		4/6	12/12	4/6 C	12/12 C	6/4/16 C	1/2	1/6	4/6	12/12	4/6 C	12/12 C	6/4/16 C	1/2	1/6	4/6 C	12/12 C	6/4/16 C	1/2	1/6
\$/BBL		[***]																		
\$/Unit		[***]																		

Note: Some 12 oz bottles to be produced with Euro or Asia-Label

[1] Cost support
[***]

Schedule 5.1.1(c)

EASTERN WHOLESALER STATES	
AL	MS
CT	NC
DC (District of Columbia)	NH
DE	NJ
FL	NY
GA	OH
IA	PA
IN	RI
KY	SC
MA	TN
MD	VA
ME	VT
MI	WV

WESTERN WHOLESALER STATES	
AK	ND
AR	NE
AZ	NM
CA	NV
CO	OK
HI	OR
ID	SD
IL	TX
KS	UT
LA	WA
MN	WI
MO	WY
MT	

Schedule 18

1. Drive Kona Growth Domestically
2. CBA Contract Brewing Select High End Beers
3. DC Network Optimization via sharing warehouses, shipping and eventual consolidation of wholesale inventory management and production planning information systems

INTERNATIONAL DISTRIBUTION AGREEMENT

This INTERNATIONAL DISTRIBUTION AGREEMENT (this "Agreement"), dated as of August 23, 2016, by and between Craft Brew Alliance, Inc., a Washington corporation ("CBA") and ANHEUSER-BUSCH WORLDWIDE INVESTMENTS, LLC, a Delaware limited liability company ("AB").

WHEREAS, CBA desires to appoint AB as its sole and exclusive distributor of all CBA brand malt beverage products (the "CBA Products") in the Covered Territories and AB desires to act as the sole and exclusive distributor of the CBA Products in the Covered Territories, in each case pursuant to the terms and subject to the conditions set forth in this Agreement;

WHEREAS, AB will thereupon conduct the sales, marketing and distribution of the CBA Products that are Products hereunder pursuant to the terms and subject to the conditions set forth in this Agreement;

WHEREAS, CBA and an Affiliate of AB (i) previously entered into that certain Amended and Restated Master Distributor Agreement, dated as of May 1, 2011, providing for the distribution of certain CBA Products by an Affiliate of AB within the United States and certain territories and possessions thereof and (ii) concurrently with the date hereof, are entering into Amendment No. 3 to the Amended and Restated Master Distributor Agreement, providing for the modification of certain commercial terms thereof (the Amended and Restated Master Distributor Agreement, as amended by Amendment No. 3, the "Master Distributor Agreement");

WHEREAS, CBA and an Affiliate of AB (i) previously entered into that certain Amended and Restated Exchange and Recapitalization Agreement, dated as of May 1, 2011, providing for certain rights of an Affiliate of AB as a shareholder of CBA and (ii) concurrently with the date hereof, are entering into Amendment No. 1 to the Amended and Restated Exchange and Recapitalization Agreement, providing for the modification of certain terms thereof (the Amended and Restated Exchange and Recapitalization Agreement, as amended by Amendment No. 1, the "Exchange and Recapitalization Agreement"); and

WHEREAS, concurrently with the date hereof, CBA and an Affiliate of AB are entering into that certain Contract Brewing Agreement providing for the brewing, bottling and packaging of certain CBA Products by an Affiliate of AB within the United States (the "Contract Brewing Agreement").

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Unless otherwise indicated, terms used herein shall have the meanings assigned below:

“AB” shall have the meaning assigned to it in the preamble hereof.

“AB Brewed Products” shall mean any Products brewed by AB pursuant to any brewing agreement between AB or its Affiliates, on the one hand, and CBA or its Affiliates, on the other, including the Contract Brewing Agreement and, to the extent the parties enter into such agreement pursuant to Section 16.01, the International Brewing Agreement.

“AB Brewed Product Price” shall mean \$30.00 per Barrel, as such price shall be increased on an annual basis on the first day of each Calendar Year beginning 2018 by a percentage equal to 50% of any increase in the GDP Price Deflator as of such date as compared to (i) with respect to the 2018 Calendar Year, the date hereof and (ii) with respect to each subsequent Calendar Year, the first day of the immediately preceding Calendar Year.

“AB Creative Materials” shall mean any Marks and Creative Materials created by AB or its Affiliates in connection with the Products, any derivatives of the foregoing or any embodiments of any of the foregoing, and all Intellectual Property Rights therein.

“AB Marks” shall mean all Marks created by AB or its Affiliates to be used in connection with the Products.

“AB Surrender Date” shall have the meaning assigned to it in Section 3.01(b).

“Accounting Firm” shall have the meaning assigned to it in Section 18.01.

“Additional Agreements” shall have the meaning assigned to it in Section 19.15.

“Affiliate” shall mean, with respect to any Person, (i) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, 50% or more of the equity securities having ordinary voting power in the election of directors of such Person, or (ii) each Person that controls, is controlled by or is under common control with such Person or any Affiliate of such Person; provided that, for the avoidance of doubt, AB shall not be considered an Affiliate of CBA.

“Annual Forecast” shall have the meaning assigned to it in Section 5.01.

“Appraiser” shall have the meaning assigned to it in Section 17.02.

“Barrel” shall mean a unit of volume measurement equal to 31 gallons.

“Benchmark Annual Volume” shall mean, with respect to each Transition Territory and subject to adjustment as provided in the last sentence of Section 11.05(b), (i) for the 2017 Calendar Year, the amount of Barrels set forth opposite such territory on Schedule 1.01(b) hereto and (ii) for any subsequent Calendar Year, the amount of Barrels sold by the Existing Distributor in the relevant Transition Territory during the last full Calendar Year preceding the transition of such territory; provided that, in the event that the surrender or early termination of the Existing Distributor’s rights with respect to any Transition Territory occurs after the first day of a given Calendar Year, the Benchmark Annual Volume for such Transition Territory with respect to such Calendar Year shall be prorated to account for the applicable portion of such Calendar Year that AB had distribution rights. CBA shall provide to AB relevant shipping and other records to verify sales in the relevant Transition Territory during each applicable Calendar Year.

“Brand Manuals” shall mean the brand manuals for the Products which describe the visual identity of the Products, as such materials may be revised from time to time by CBA.

“Business Day” shall mean any day of the year in which banks are not required or authorized to close in New York, New York.

“Calendar Quarter” shall mean each three-month period from January 1 through March 31, April 1 through June 30, July 1 through September 30 and October 1 through December 31.

“Calendar Year” shall mean the 12-month period commencing at 12:01 a.m., January 1 and terminating at midnight, December 31, in each case Eastern Standard Time; provided that, with respect to 2016, “Calendar Year” shall mean the remaining portion of the 2016 calendar year following the date hereof and terminating at midnight, December 31, 2016.

“CBA” shall have the meaning assigned to it in the preamble hereof.

“CBA Brand” shall mean any brands of products sold by or on behalf of CBA under a common CBA Mark (e.g., Kona), together with any sub-brands or brand extensions of such brands.

“CBA Brewed Products” shall mean any Products brewed by CBA at the facilities of CBA or its Affiliates.

“CBA Brewed Product Price” shall mean \$40.00 per Barrel, as such price shall be increased on an annual basis on the first day of each Calendar Year beginning 2018 by a percentage equal to 50% of any increase in the GDP Price Deflator as of such date as compared to (i) with respect to the 2018 Calendar Year, the date hereof and (ii) with respect to each subsequent Calendar Year, the first day of the immediately preceding Calendar Year.

“CBA Common Stock” shall mean the shares of common stock of CBA, par value \$0.005 per share.

“CBA Creative Materials” shall mean all Creative Materials created by CBA or its Affiliates, the Brand Manuals and any derivatives of the foregoing or any embodiments of any of the foregoing, and all Intellectual Property Rights therein.

“CBA Marks” shall mean (i) all Marks used in connection with the Products listed in Schedule 1.01(a) and (ii) all other Marks as may be owned by CBA or its Affiliates and provided to AB or its Affiliates for use in connection with the Products.

“CBA Delivery Cost” shall have the meaning assigned to it in Section 5.07.

“CBA Production Cost” shall mean the production and materials costs actually incurred by CBA for the manufacture, brewing, bottling, labeling, packaging and storage of the Products.

“CBA Products” shall have the meaning assigned to it in the recitals hereof.

“Change of Control Event” shall mean (i) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) excluding, for the avoidance of doubt, AB or any of its Affiliates except pursuant to a Qualifying Offer, becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an “option right”)), directly or indirectly, in one transaction or a series of related transactions (whether by merger, consolidation, business combination, acquisition, tender offer, exchange offer, amalgamation, equity investment, joint venture or otherwise), of 50% or more of the equity securities of CBA (or of the surviving entity in any merger, consolidation, share exchange or other business combination involving CBA or the resulting direct or indirect parent of CBA or such surviving entity) entitled to vote for members of the board of directors or equivalent governing body of CBA (or such surviving or parent entity) on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); (ii) a change in the composition of the board of directors of CBA during any period of 12 consecutive months such that individuals who at the beginning of such period constituted the board of directors of CBA (together with any new directors whose election by the board of directors of CBA, or whose nomination for election by the shareholders of CBA, was approved by a vote of a majority of the directors of CBA then in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the board of directors of CBA then in office; or (iii) the acquisition by any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) in any manner (whether by disposition, lease, license, exchange or other transfer), in one transaction or a series of related transactions, of (A) 50% or more of the consolidated assets of CBA and its subsidiaries

(based on the fair market value thereof), including through the acquisition of one or more subsidiaries of CBA owning such assets or (B) the Kona brand or any Intellectual Property Rights, the disposition of which (without giving effect to any license back to CBA and its Affiliates) would cause CBA to no longer be able to produce, manufacture, brew or distribute the Kona brand products (or products associated with any Kona sub-brand or brand extension).

“Claim” shall have the meaning assigned to it in Section 9.09 hereof.

“Commencement Date” shall mean (i) with respect to the Initial Territories, the date hereof, (ii) with respect to each Existing Territory that is not an Initial Territory, the date on which AB (or any designee thereof) shall commence distribution of Products in such territory under this Agreement in accordance with Article II and (iii) with respect to any New Territory, the date on which AB (or any designee thereof) shall commence distributing Products in such territory under this Agreement in accordance with Section 10.01.

“Confidential Information” shall have the meaning assigned to it in Section 15.01.

“Contract Brewing Agreement” shall have the meaning assigned to it in the recitals hereof.

“Covered Territories” shall mean (i) each of the Initial Territories and (ii) from and after the applicable Commencement Date with respect thereto, each Transition Territory and each New Territory.

“Creative Materials” shall mean any Mark, device, theme, jingle, configuration, concept, advertisement or other Materials or creative ideas created, used or intended for use in connection with the advertising, marketing, promotion or sale of the Products.

“Dispute Notice” shall have the meaning assigned to it in Section 18.01.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder.

“Exchange and Recapitalization Agreement” shall have the meaning assigned to it in the recitals hereof.

“Excluded CBA Brand Products” shall have the meaning assigned to it in Section 3.01(b).

“Excluded Territory” shall have the meaning assigned to it in Section 3.01(b).

“Exclusion Notice” shall have the meaning assigned to it in Section 3.01(b).

“Existing Distributor” shall mean CraftCan Travel LLC.

“Existing International Distribution Agreement” shall mean the Distribution Agreement, dated as of February 1, 2015, by and between CBA and the Existing Distributor.

“Existing Territories” shall mean the countries or regions with respect to which the Existing Distributor holds the distribution rights as of the date hereof under the Existing International Distribution Agreement, which Existing Territories are listed on Schedule 1.01(b).

“Export Manager Fee” shall mean \$100,000 for Calendar Year 2017. For each subsequent Calendar Year, the Export Manager Fee shall be the amount effective for the preceding Calendar Year, as increased based on the GDP Price Deflator pursuant to the methodology set forth on Schedule 1.01(d).

“Fair Market Value” shall have the meaning assigned to it in Section 17.02.

“Force Majeure” shall have the meaning assigned to it in Section 19.05.

“GDP Price Deflator” shall mean the gross domestic product (“GDP”) implicit price deflator with respect to overall GDP as officially published by the United States Bureau of Economic Analysis or any substitute index hereafter adopted by the United States Department of Labor.

“Governmental Approvals” means all authorizations, consents, approvals, registrations, permits and licenses of, and declarations and filings with any governmental entity.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

“Initial Territories” shall mean the countries or regions listed on Schedule 1.01(c).

“Intellectual Property Rights” shall mean all intellectual property and similar proprietary rights in any jurisdiction including (i) all rights in copyrights, works of authorship (whether or not copyrightable) and copyrightable subject matter, Marks, patents, inventions, rights of publicity, know-how, technical information, confidential information, brewing formulas, bottle molds, recipes, manufacturing processes or trade secrets and (ii) any applications, issuances or registrations for any of the foregoing.

“International Brewing Agreement” shall have the meaning assigned to it in Section 16.01.

“International Royalty Fee” shall have the meaning assigned to it in Section 5.08.

“Law” shall mean any federal, state, provincial, municipal, local or foreign law, statute, code, ordinance, rule, regulation, circular, order, judgment, writ, stipulation, award, injunction, decree or arbitration award or finding.

“Liabilities” shall have the meaning assigned to it in Section 12.01.

“Mark” shall mean any trademark, service mark, trade name, trade dress, slogan or other similar source indicator, all registrations and applications for registration associated therewith, all common law rights associated therewith, and all goodwill associated with any of the foregoing.

“Marketing Plan” shall have the meaning assigned to it in Section 6.01.

“Master Distributor Agreement” shall have the meaning assigned to it in the recitals hereof.

“Materials” shall mean any materials including any documents, information, designs, drawings, plans, proposals and instructions, whether in written, electronic, optical or other form or medium.

“Modified Product” shall mean any Product, the formula, taste profile, alcohol content, ingredients, brand name or Marks of which are modified by CBA as contemplated by Section 9.03 hereof.

“New Product” shall mean any new malt beverage product that CBA or any of its Affiliates first begins to brew or first acquires after the date hereof and that CBA and its Affiliates sell or intend or propose to sell.

“New Product Offer Notice” shall have the meaning assigned to it in Section 6.01(e).

“New Territories” shall mean each additional country or region into which AB commences distribution of Products under this Agreement following the date hereof pursuant to Section 10.01.

“New Territory Notice” shall have the meaning assigned to it in Section 10.01.

“Offer Expiration Date” shall have the meaning assigned to it in Section 6.01(e).

“Original Termination Date” shall have the meaning assigned to it in Section 8.03.

“Party” shall mean either CBA or AB.

“Payment Toll Event” shall have the meaning assigned to it in Section 5.10(c).

“Person” shall mean any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, joint stock company, institution, public benefit corporation, entity or government (whether federal, state, county, city, municipal or otherwise, including, without limitation, any instrumentality, division, agency, body or department thereof).

“Port” shall mean, with respect to any shipment of CBA Brewed Products, the port to which AB has instructed CBA to make such shipment.

“Products” shall mean (i) the malt beverage products listed on Schedule 1.01(a) hereof and (ii) any New Products that become subject to this Agreement pursuant to Section 6.01(d) or 6.01(e) hereof. Unless the context otherwise requires, the term “Products” shall refer to the malt beverages, their containers, their labels and all packaging for the malt beverages and their containers.

“Proposed New Territory” shall have the meaning assigned to it in Section 10.01.

“Qualifying Offer” shall mean an offer or proposal made by AB or one of its Affiliates for the acquisition in any manner, directly or indirectly, in one transaction or a series of related transactions, of all of the issued and outstanding shares of the CBA Common Stock, par value \$0.005 per share, of CBA, in each case (i) for an aggregate value of (A) from the date hereof to August 23, 2017, not less than \$22.00 per share of CBA Common Stock, (B) from August 24, 2017 to August 23, 2018, not less than \$23.25 per share of CBA Common Stock and (C) from and after August 24, 2018, not less than \$24.50 per share of CBA Common Stock, in each case of clauses (A), (B) and (C), subject to adjustment for any reclassification, recapitalization, stock split (including a reverse stock split) or subdivision or combination, exchange or readjustment of the issued and outstanding shares of CBA Common Stock, (ii) on otherwise customary terms and conditions for a transaction of the type proposed by AB or such Affiliate; provided that, such customary terms and conditions shall in no event include any reverse termination fee payable by AB or any of its Affiliates and (iii) which AB or its applicable Affiliate indicates in writing it is ready and willing to enter into definitive documentation with respect thereto on such terms.

“Qualifying Offer Lapse” shall have the meaning assigned to it in Section 8.03.

“Registration Rights Agreement” shall have the meaning assigned to it in Section 19.15.

“Rights” shall have the meaning assigned to it in Section 17.02.

“Rights Call Notice” shall have the meaning assigned to it in Section 17.01.

“Term” shall mean the period of time commencing as of the date hereof and terminating on the date of termination of this Agreement in accordance with its terms.

“Third Party” shall mean any Person other than AB, CBA, their respective Affiliates and their respective directors, officers, employees, shareholders and agents.

“Transition Territories” shall mean each Existing Territory with respect to which CBA has obtained the surrender or early termination of the Existing Distributor’s distribution rights as described in Article II.

“U.S. Prime Rate” shall mean the U.S. prime rate as in effect from time to time and published in the eastern edition of *The Wall Street Journal* or a comparable newspaper if *The Wall Street Journal* shall cease publishing the U.S. prime rate.

ARTICLE II

TRANSITION OF INTERNATIONAL DISTRIBUTION RIGHTS

SECTION 2.01. CBA represents and warrants to AB that, pursuant to the Existing International Distribution Agreement, the Existing Distributor is the sole and exclusive distributor for the CBA Products in the Existing Territories as of the date hereof. CBA hereby agrees to engage in good faith discussions with the Existing Distributor to seek a mutually agreeable early termination of the Existing Distributor’s distribution rights with respect to (i) the Existing Territories set forth on Schedule 2.01 hereto and (ii) such other Existing Territories as AB may identify to CBA in writing from time to time, in each case as promptly as practicable following the date hereof or the receipt of such request from AB, as applicable, and in accordance with applicable Law and subject to and in compliance with CBA’s rights and obligations under the Existing International Distribution Agreement. CBA shall keep AB reasonably informed of the status of all such discussions. From and after the date hereof, CBA shall not amend or modify the Existing International Distribution Agreement or otherwise enter into any agreement or arrangement with the Existing Distributor to expand or supplement the Existing Distributor’s distribution rights in any manner (including with respect to any territory that is not an Existing Territory).

SECTION 2.02. If the Existing Distributor agrees to surrender or terminate its distribution rights with respect to the CBA Products in any Existing Territory specified by AB, CBA shall promptly notify AB thereof, including the proposed terms and conditions of such surrender or termination. CBA shall obtain AB’s written approval (which may be granted or withheld in AB’s sole discretion) prior to entering into any agreement with respect to the surrender or termination of an Existing Territory to AB or otherwise agreeing to any terms with respect thereto (but shall promptly enter into such agreements following approval thereof by AB). Without limiting AB’s consent rights set forth in the immediately preceding sentence, AB shall reimburse CBA for any fees payable by CBA to the Existing Distributor in connection with such surrender or termination, as well as for outside counsel fees reasonably incurred by CBA in connection with such surrender or termination; provided that AB shall under no circumstance be required to reimburse CBA for any payments or arrangements between CBA and the Existing Distributor arising out of CBA Product sales, cooperation, other transactions relating to the Existing Distributor’s distribution of the CBA Products or any other matters other than the voluntary surrender or early termination of the Existing Distributor’s distribution rights with respect to the applicable Existing Territories. If AB does not approve the proposed terms of surrender or termination with respect to any Existing Territory, CBA shall continue to use commercially reasonable efforts to negotiate the surrender or termination of the Existing Distributor’s distribution rights with respect to such Existing Territory on s

uch alternative terms as CBA and AB may mutually agree, in each case in accordance with applicable Law and subject to and in compliance with CBA's rights and obligations under the Existing International Distribution Agreement.

SECTION 2.03. Without limitation or modification of Section 2.02, CBA shall use commercially reasonable efforts to ensure that any definitive agreement providing for the surrender or termination of an Existing Territory (i) expressly provides that AB shall be a third party beneficiary of such agreement and (ii) requires the Existing Distributor to provide to AB copies of all reports or data produced or obtained by the Existing Distributor concerning the sales, marketing and pricing of the CBA Products in the applicable Transition Territory and such other information concerning such CBA Products and their sales as may have been specified by AB to CBA prior to the execution of such agreement. CBA shall use commercially reasonable efforts to enforce against the Existing Distributor the requirements set forth in clause (ii) above, but (A) in no event shall CBA be required to commence any legal action against the Existing Distributor and (B) CBA shall not be deemed to have breached any of its obligations under this Agreement if the Existing Distributor fails to comply with such requirements, notwithstanding CBA's exercise of such commercially reasonable efforts.

SECTION 2.04. Unless otherwise consented to by AB, no surrender or termination of the Existing Distributor's rights with respect to any Existing Territory shall be implemented less than 90 days after the date on which AB has provided its written approval of the terms of the surrender or termination with respect thereto; provided that, if CBA requests a shorter implementation period, AB shall not withhold its consent thereto if, in AB's sole determination, it is able to perform its obligations under this Agreement with respect to such Existing Territory on such earlier date without cost or disruption.

SECTION 2.05. CBA shall provide to AB notice of the surrender or termination of the Existing Distributor's distribution rights in any Transition Territory and a copy of all documentation entered into in connection with such surrender or termination.

ARTICLE III

APPOINTMENT OF INTERNATIONAL DISTRIBUTOR

SECTION 3.01. (a) Except for the rights of the Existing Distributor with respect to the Existing Territories until the surrender or termination thereof in accordance with this Agreement and subject to Section 3.01(b), from and after the date hereof, AB shall have the sole and exclusive right to distribute the CBA Products in all territories around the world other than the United States and its territories and possessions and, without limiting the foregoing, CBA shall not grant any such international distribution or other similar rights to any other Person. Effective upon the applicable Commencement Date with respect to each Covered Territory: (i) AB shall become the sole and exclusive distributor of the Products in such Covered Territory and AB shall thereupon have the

exclusive right to distribute, and to determine and designate the sales and distribution channels with respect to, the Products in such Covered Territory, (ii) AB shall, in its sole discretion, determine the Products to be distributed in such Covered Territory, (iii) AB shall, in its sole discretion, sell or re-sell the Products (or cause the Products to be sold or re-sold) in such Covered Territory for such prices and on such terms and conditions as it may determine and (iv) AB shall have the sole and exclusive right to advertise, market and promote the Products in such Covered Territory and, pursuant to the provisions of this Agreement, use and exploit the CBA Marks and CBA Creative Materials in connection with such advertisement, marketing, promotion and distribution in such Covered Territory. At its option, AB may authorize and license its Affiliates or, with the prior written consent of CBA (which consent shall not be unreasonably withheld, conditioned or delayed), any Third Party designees (except to the extent the performance of activities by such Third Party designee was included in the Marketing Plan approved by CBA, in which case such prior written consent shall not be required) to undertake the activities described in the immediately preceding sentence in any Covered Territory.

(b) Notwithstanding the foregoing, if AB and its Affiliates (i) entirely cease the international distribution of any CBA Brand or (ii) entirely cease the distribution of all CBA Products within a particular Covered Territory, in each case, for a consecutive period of at least 12 months (other than due to CBA's failure to approve a Third Party designee reasonably selected by AB to undertake such distribution in accordance with Section 3.01(a)), CBA may elect to deliver written notice to AB indicating that CBA desires to exclude (A) the Products associated with such CBA Brand or (B) such Covered Territory, as applicable, from this Agreement (an "Exclusion Notice"). Within 30 days of AB's receipt of an Exclusion Notice with respect to any CBA Brand or any Covered Territory, AB shall advise CBA whether AB intends to commence international distribution of such CBA Brand or to commence distribution within such Covered Territory, as applicable, under this Agreement. If (x) AB notifies CBA that it does not intend to commence international distribution of such CBA Brand or within such Covered Territory, as applicable, or (y) AB notifies CBA that it intends to commence international distribution of such CBA Brand or within such Covered Territory, as applicable, but does not commence such distribution within 120 days of so notifying CBA (the later of (x) or (y), the "AB Surrender Date"), CBA shall be permitted to enter into an alternative agreement for the international distribution of the Products associated with such CBA Brand or the distribution of the Products within such Covered Territory, as applicable, with any Person; provided that, (I) any such agreement must contain customary provisions regarding the term of such agreement and the termination rights of the parties thereto and, without limiting the generality of the foregoing, must be terminable by CBA on customary terms on not more than 90 days' notice following (1) a Change of Control Event of the type described in clauses (i), (ii) or (iii)(A) of the definition thereof triggered by AB or any of its Affiliates or (2) the delivery of a Rights Call Notice by AB in accordance with Article XVII hereof, and (II) no such agreement shall contain any pricing terms that are more favorable to such distributor than are provided by CBA to AB hereunder. On the AB Surrender Date, the Products associated with such CBA Brand (the "Excluded CBA Brand Products") or the specified Covered Territory (the "Excluded

Territory”), as applicable, shall be excluded from this Agreement for all purposes hereof and, thereafter, “Products” or “Covered Territory”, as applicable, shall be deemed to be defined without reference to the Excluded CBA Brand Products or the Excluded Territory, as applicable. CBA shall provide written notice to AB at least six months prior to any agreement with a Third Party distributor becoming terminable by CBA (including through the exercise of any option not to renew such agreement).

(c) If (i) (A) CBA does not enter into a binding agreement for the international distribution of any applicable Excluded CBA Brand Products or the distribution of the Products within any applicable Excluded Territory, as applicable, with any other Person within 12 months of the AB Surrender Date with respect thereto, (B) CBA enters into such a binding agreement but distribution does not commence thereunder within 12 months of the applicable AB Surrender Date or (C) AB receives written notice from CBA as contemplated by the last sentence of Section 3.01(b) and (ii) within six months of such time, AB notifies CBA that AB desires to commence international distribution of such Excluded CBA Brand Products or within such Excluded Territory, as applicable, under this Agreement, (x) in the case of clauses (B) and (C), CBA shall terminate such agreement and (y) in each case of clauses (A), (B) and (C), the applicable Excluded CBA Brand Products or the Excluded Territory, as applicable, shall cease to be excluded from this Agreement and, upon the commencement of the distribution of such Excluded CBA Brand Products or within such Excluded Territory hereunder, shall be deemed to be Products or a Covered Territory, as applicable, under this Agreement for all purposes hereof.

SECTION 3.02. Effective upon the applicable Commencement Date with respect thereto, other than any marketing activities conducted by CBA pursuant to Section 6.01(c), neither CBA nor its Affiliates shall undertake any of the activities specified to be undertaken by AB or its designees in Section 3.01(a) and, except pursuant to Section 3.01(b), neither CBA nor its Affiliates shall authorize any other Person to undertake any of the activities specified to be undertaken by AB or its designees in Section 3.01(a), in each case with regard to such Covered Territory. If any Third Party undertakes any of the activities specified to be undertaken by AB or its designees in Section 3.01(a) in such Covered Territory (other than Third Party designees authorized by AB and CBA pursuant to Section 3.01 to perform such activities or as permitted pursuant to Section 3.01(b)), AB may exercise all rights and remedies available to it against such Person and CBA shall take such steps reasonably requested in writing by AB to prohibit or halt any such activities. Nothing in this Section 3.02 shall be deemed to prohibit CBA or its Affiliates from undertaking consumer research or consumer testing in any of the Covered Territories.

SECTION 3.03. AB shall not (and shall use its reasonable best efforts to cause its designees not to) resell any Products outside of the Covered Territories or to any Person believed by AB to intend the resale of the Products outside the Covered Territories.

ARTICLE IV

TRANSITION TO AB DISTRIBUTION

SECTION 4.01. Effective as of the applicable Commencement Date with respect to each Transition Territory, AB shall replace the Existing Distributor as the sole and exclusive distributor of any and all CBA Products in such Transition Territory.

SECTION 4.02. AB shall make such communications, execute such documents and instruments and take such other steps, in each case that are appropriate in its reasonable judgment in connection with the acquisition by AB of the distribution rights to the Products in each Covered Territory, it being understood that in no event shall AB be required to take any step inconsistent with applicable Law. At the written request of AB, but subject to applicable Law and to the reasonable review and comment of CBA (and at the expense of AB), CBA shall make such communications, execute such documents and instruments and take such other steps as may be requested by AB to facilitate or effect the transition of the distribution of the Products from the Existing Distributor to AB and its designees.

SECTION 4.03. At least 90 days prior to (a) each applicable Commencement Date, CBA will make available to AB a Brand Manual for each of the Products set forth on Schedule 4.03 and (b) the commencement by AB of the distribution of any Product under this Agreement, CBA will make available to AB the CBA Creative Materials and CBA Marks used (or to be used, as applicable) in the marketing and sale thereof in the format reasonably requested by AB. In the event that CBA shall at any time update, modify or supplement such CBA Creative Materials or CBA Marks with respect to any Product, CBA shall reasonably promptly provide such updated, modified or supplemented materials to AB in the format reasonably requested by AB.

ARTICLE V

FORECASTS, ORDERING, DELIVERY AND PAYMENT FOR THE PRODUCTS

SECTION 5.01. On September 30 of each Calendar Year, AB shall provide to CBA a non-binding written forecast, by Product, of its anticipated requirements for CBA Brewed Products, specifying brand, applicable label (based on the intended Covered Territory for distribution) and package for each month of the following Calendar Year (the "Annual Forecast"). The Parties shall discuss in good faith and mutually agree on any minimum amounts of such forecasted volumes that AB shall be obligated to order in any given calendar month and the maximum amounts in excess of such forecasted volumes that CBA shall be obligated to make available to AB in any given calendar month.

SECTION 5.02. CBA agrees to sell to AB, and AB agrees to purchase from CBA and distribute, or cause to be distributed, in the Covered Territories, the quantities of CBA Brewed Products ordered by AB from time to time hereunder. On the fifteenth day

of each calendar month, AB may issue a binding order to CBA for CBA Brewed Products to be delivered to AB prior to the end of the second succeeding calendar month. AB shall submit orders for CBA Brewed Products in a form and by a medium reasonably acceptable to CBA and AB. In connection with each order, AB shall designate the Port to which CBA shall deliver the Products.

SECTION 5.03. Within 10 days after its receipt of an order placed by AB in accordance with Section 5.02, CBA shall confirm such order in writing (including by indicating the estimated date of delivery of the ordered Products to the applicable Port). CBA shall deliver the ordered Products to the applicable Port not later than the end of the second succeeding calendar month following CBA's receipt of such order; provided that CBA shall provide AB with reasonable prior written notice of the expected actual delivery date of the ordered Products. The Parties shall discuss in good faith and mutually agree on the impact of any difference in the estimated date of delivery specified by CBA with respect to any such ordered Products and the actual delivery date of such ordered Products, taking into consideration each of the parties' logistical needs. AB shall accept delivery of all Products duly delivered by CBA at the applicable Port.

SECTION 5.04. CBA shall manage the export of the CBA Brewed Products ordered by AB under this Agreement from the United States as directed by AB. CBA shall package, palletize and prepare for shipment all ordered Products in accordance with mutually agreeable procedures established between the Parties (including that each pallet shall contain only one type of Product) and in accordance with applicable Law. CBA shall reimburse AB for any costs incurred by AB as a result of any improper packaging, palletizing or preparation of ordered Products. All shipments shall be accompanied by a packing slip that specifies the quantity and identity of the ordered Products.

SECTION 5.05. All purchases of CBA Brewed Products by AB from CBA shall be on an F.O.B. Port (Incoterms 2010), freight prepaid basis, subject to reimbursement by AB in accordance with Section 5.07. CBA shall make appropriate arrangements to assure that the quality of the CBA Brewed Products ordered by AB is maintained until their arrival at the applicable Port. AB shall not be required to pay for any CBA Brewed Products that are damaged or spoiled prior to any such delivery. AB shall provide CBA with reasonable verification of any such damage or loss and, as directed by CBA and at the expense of CBA, AB shall return such damaged or spoiled Products to CBA or destroy such damaged or spoiled Products. AB and its designees shall be responsible for all logistics relating to the Products upon their arrival at the applicable Port and continuing through their distribution in the Covered Territories thereafter, including the clearing of Products through applicable customs at the point of import and the payment of all associated costs and other expenses, including duties and excise and other taxes (other than income and similar taxes applicable to CBA or any of its Affiliates). AB shall arrange for the delivery and shipment of the Products (with respect to CBA Brewed Products, following the delivery thereof to AB by CBA) to its Affiliates and designees, as applicable, in the Covered Territories, and CBA shall have no liability or obligation with

respect to the transport or freight costs or liabilities resulting from such delivery and shipment.

SECTION 5.06. From time to time, but not less than on an annual basis, the Parties shall discuss in good faith any updates or modifications to the shipping and delivery process for the CBA Brewed Products ordered by AB under this Agreement, including any potential transition to AB shipping and export of such Products; provided that, notwithstanding any such discussion, neither Party shall have any obligation to agree to any such updates or modifications.

SECTION 5.07. No production cost shall be payable by AB to CBA in connection with the distribution of any AB Brewed Products under this Agreement. The production cost payable by AB to CBA in connection with orders of any CBA Brewed Products hereunder shall be the CBA Production Cost for each ordered Product. No later than 20 Business Days after CBA ships CBA Brewed Products ordered by AB hereunder from the applicable CBA brewery, CBA shall send to AB an invoice (the “CBA Invoice”) for (a) the CBA Production Cost thereof and (b) the out-of-pocket costs and expenses reasonably incurred by CBA in connection with the shipment of the Products to the applicable Port and any actions taken by CBA to manage the export of such Products (the “CBA Delivery Cost”). Within 30 days of receipt thereof, AB shall pay to CBA the amount of the CBA Production Cost and CBA Delivery Cost set forth in such CBA Invoice. AB shall have the right to dispute, in good faith, any calculation of the CBA Production Cost or CBA Delivery Cost included in a CBA Invoice in accordance with Section 18.01, in which case AB shall not be obligated to pay any disputed amount during the pendency of such dispute. From and after January 1, 2017, CBA shall employ the equivalent of at least one full time corporate inventory management employee to conduct (or shall assign to an existing CBA employee or employees responsibility with respect to) the coordination and administration of the logistics for the exportation, shipping and distribution of CBA Brewed Products ordered by AB under this Agreement and AB shall reimburse CBA 25% of the annual Export Manager Fee on a quarterly basis in respect of such corporate inventory management role (irrespective of the compensation that may actually be paid or payable by CBA to any such employee or employees) not later than 30 days following the end of each Calendar Quarter.

SECTION 5.08. Not later than 30 days following the last day of each Calendar Quarter beginning with the Calendar Quarter ending September 30, 2016, with respect to Products delivered to AB or its Affiliates after the date hereof, AB shall pay to CBA, with respect to the volume of Products sold by AB or its Affiliates or its or their designees under this Agreement in such Calendar Quarter (such aggregate payment, the “International Royalty Fee”):

(a) with respect to each Transition Territory:

(i) for the volume of Products sold in each Calendar Year up to or equal to the Benchmark Annual Volume for such Transition Territory, the CBA Brewed Product Price; and

(ii) for the volume of Products sold in each Calendar Year in excess of the Benchmark Annual Volume for such Transition Territory (x) for any such Products that are CBA Brewed Products, the CBA Brewed Product Price and (y) for any such Products that are AB Brewed Products, the AB Brewed Product Price; provided that any volume of CBA Brewed Products sold in such Transition Territory in each Calendar Year shall be first applied to calculating the volume sold in such Calendar Year for purposes of clause (i) before being considered excess volume under this clause (ii); *plus*

(b) with respect to the volume of Products sold in any Covered Territory that is not a Transition Territory, (i) for any such Products that are CBA Brewed Products, the CBA Brewed Product Price, and (ii) for any such Products that are AB Brewed Products, the AB Brewed Product Price.

Concurrently with each payment of the International Royalty Fee by AB, AB shall provide to CBA reasonably detailed supporting documentation of the volume of Products sold by AB or its Affiliates or its or their designees in each of the Covered Territories in such Calendar Quarter and the applicable Calendar Year to date. In accordance with the procedures set forth in Section 18.01, CBA shall have the right to dispute AB's calculation of such volume and the International Royalty Fee resulting therefrom.

SECTION 5.09. Subject to Section 8.03, AB shall pay to CBA, not later than 30 days following the last day of (i) the 2016 Calendar Year, \$3,000,000, (ii) the 2017 Calendar Year, \$5,000,000 and (iii) the 2018 Calendar Year, \$6,000,000; provided that, in the event this Agreement is terminated in any such Calendar Year, AB shall pay to CBA, not later than 30 days following the date of such termination, a prorated payment for the applicable portion of such Calendar Year completed prior to such date.

SECTION 5.10. (a) AB shall be obligated to pay to CBA a one-time fee of \$20,000,000 on the terms and conditions specified in this Section 5.10.

(b) Notwithstanding the foregoing clause (a), AB shall not be required to pay the \$20,000,000 fee to CBA if:

(i) (A) prior to August 23, 2019, there has been a Change of Control Event and (B) AB has, within 30 days after the consummation of such Change of Control Event, delivered to CBA irrevocable notice of termination of this Agreement pursuant to Section 8.03(i); provided, further, that, it is understood and agreed that if CBA enters into definitive agreements with respect to a Change of Control Event prior to August 23, 2019 but such Change of Control Event has not yet occurred as of such date, upon consummation of such Change of Control Event, such Change of Control Event shall be deemed to have occurred prior to August 23, 2019 for purposes of this Section 5.10;

(ii) (A) prior to August 23, 2019, AB or one of its Affiliates shall have made a Qualifying Offer to CBA, (B) there shall be a Qualifying Offer Lapse in

respect of such Qualifying Offer and (C) AB has, within 30 days after such Qualifying Offer Lapse, delivered to CBA irrevocable notice of termination of this Agreement pursuant to Section 8.03(ii); or

(iii) (A) prior to August 23, 2019, AB or one of its Affiliates shall have made a Qualifying Offer to CBA, (B) the parties enter into a definitive transaction agreement with respect to such Qualifying Offer and (C) such agreement is subsequently terminated by any party thereto, unless such termination is as a result of any governmental entity of competent jurisdiction having issued any Law or having taken any other action restraining, enjoining or otherwise preventing, prohibiting or making illegal the consummation of the transactions contemplated by such agreement, including pursuant to the HSR Act or any other applicable competition, antitrust or merger control Laws (other than as a result of CBA's breach of its obligations under such agreement).

(c) The payment described in this Section 5.10 shall be payable by AB to CBA on August 23, 2019, if (i) no Change of Control Event has occurred, (ii) no definitive agreement with respect to a Change of Control Event has been entered into and (iii) no Qualifying Offer has been made by AB or any of its Affiliates, in each case on or prior to such date (any of (i), (ii) or (iii), if such event has occurred, a "Payment Toll Event").

(d) If there has been a Payment Toll Event on or prior to August 23, 2019, but it is subsequently finally determined that none of the exceptions set forth in clauses (i), (ii) or (iii) of Section 5.10(b) are or will be applicable, the payment described in this Section 5.10 shall be payable by AB to CBA on the later of (x) August 23, 2019 and (y) thirty (30) days after the date on which it is finally determined that none of the exceptions set forth in clauses (i), (ii) or (iii) of Section 5.10(b) are or will be applicable.

(e) In addition, in the event that (i) prior to August 23, 2019, AB or one of its Affiliates shall have made a Qualifying Offer to CBA, (ii) the parties enter into a definitive transaction agreement with respect to such Qualifying Offer and (iii) such agreement is subsequently terminated by any party thereto as a result of any governmental entity of competent jurisdiction having issued any Law or having taken any other action restraining, enjoining or otherwise preventing, prohibiting or making illegal the consummation of the transactions contemplated by such agreement, including pursuant to the HSR Act or any other applicable competition, antitrust or merger control Laws (other than as a result of CBA's breach of its obligations under such agreement), the payment described in this Section 5.10 shall be payable by AB to CBA within 10 Business Days of the date such definitive transaction agreement is terminated.

SECTION 5.11. Notwithstanding anything to the contrary in this Agreement, a Party making any payment under this Agreement shall be entitled to deduct and withhold from such payment such amounts as required to be deducted and withheld with respect to the making of such payment under the Internal Revenue Code of 1986, as amended, or under any provisions of federal, state, local or non-U.S. tax law. To the extent that

amounts are so deducted or withheld, such deducted or withheld amounts (i) shall be remitted to the applicable taxing authority and (ii) shall be treated for all purposes of this Agreement as having been paid to the Party receiving the payment in respect of which the Party making the payment made such deduction or withholding.

SECTION 5.12. CBA and AB shall continue to discuss and negotiate in good faith the procedures by which AB shall place orders, including: (i) the format of such orders; (ii) the media used by CBA, AB and the carrier to communicate concerning orders, shipments, billings and the other matters described in this Article V; (iii) the means by which the cargo ship shall be loaded; (iv) the delivery of the Products at any applicable Port; (v) additional notice that may be required by CBA for shipment of Products in unusual configurations or packages; (vi) procedures and requirements applicable to changes in the orders made by AB; (vii) procedures used to track shipments made by CBA to AB; and (viii) such other matters relating to this Article V as the Parties may consider desirable. The Parties shall document and memorialize their agreements as to such matters in any manner they determine to be desirable. Notwithstanding anything to the contrary in the foregoing, neither Party shall be required to agree to any such modifications that would modify the economic terms set forth in this Agreement or that would otherwise result in material cost or expense to such Party.

ARTICLE VI

MARKETING OF PRODUCTS IN THE TERRITORY

SECTION 6.01. (a) Annually, AB shall, with respect to each Covered Territory, prepare a plan for the sales and marketing of the Products in such Covered Territory for the next succeeding Calendar Year (each, a "Marketing Plan"). The draft of each Marketing Plan prepared by AB shall be, in the reasonable judgment of AB, consistent with the Brand Manuals in the latest form delivered by CBA to AB, and the CBA Marks contemplated in such plan to be used in the sales and marketing of the Products shall be, in the reasonable judgment of AB, the most current version delivered by CBA to AB. Each Marketing Plan shall describe, in reasonable detail for the applicable Covered Territory: (i) the advertising for the Products to be sold in such Covered Territory, including its content, media and markets, and the AB Creative Materials and CBA Creative Materials to be used in connection therewith; (ii) the promotional and sales activities to be directed at retailers and consumers in such Covered Territory with respect to the Products and the merchandising programs, if any, to be used in connection with the Products; (iii) the expenditures contemplated to be undertaken by AB in connection with the items described above; and (iv) any such other matters as AB may consider to be pertinent to the sales and marketing of the Products in such Covered Territory. The Marketing Plan shall reflect AB's good faith efforts to reasonably dedicate resources to achieve increased brand recognition and sales of the Products in the Covered Territories.

(b) On or prior to November 1st of each Calendar Year, AB shall deliver a draft of each Marketing Plan to CBA. CBA shall promptly review each such plan and

provide to AB any comments it may have. AB and CBA shall use reasonable efforts to reach agreement on each Marketing Plan, and no Marketing Plan shall be considered to be final unless each Party agrees as to its contents. If the Parties are unable to reach agreement on the Marketing Plan for any Covered Territory for a given Calendar Year, the Marketing Plan for such Covered Territory in such Calendar Year shall consist of the elements to which the parties are able to agree and, with respect to all other elements, shall consist of the corresponding elements from the Marketing Plan for such Covered Territory for the preceding Calendar Year; provided that, with respect to any Transition Territory for which a Marketing Plan was not created by the Parties for the preceding Calendar Year, the Marketing Plan for such preceding Calendar Year shall be deemed to be the sales and marketing plan last used by the Existing Distributor for the Products distributed in such Transition Territory.

(c) AB shall use commercially reasonable efforts to adhere in all material respects to the Marketing Plan for each Covered Territory in the form established pursuant to this Section 6.01, and AB shall not make material changes to any Marketing Plan without the prior approval of CBA (which approval shall not be unreasonably withheld, conditioned or delayed). CBA shall not be required to bear any of the costs required in connection with the implementation of the Marketing Plans; provided that, at its sole discretion, CBA may invest in the marketing activities identified in any Marketing Plan or such supplemental marketing activities as AB and CBA may mutually agree.

(d) CBA shall (i) from time to time, but not less than on an annual basis in connection with the Parties' discussion of the Marketing Plans for the Covered Territories for each succeeding Calendar Year, notify AB of any New Products developed or being developed by CBA and (ii) promptly notify AB of the acquisition by CBA of any New Product. Concurrently with Parties' discussion of each Marketing Plan, the Parties shall discuss in good faith any New Products that either Party desires to be distributed in such Covered Territory. If the Parties are able to agree on any such New Product to be distributed in any Covered Territory (A) CBA shall promptly provide to AB any requested information, including the Brand Manual, with respect to such New Product and, if such New Product is a CBA Brewed Product, the CBA Production Cost therefor and (B) such New Product shall become a Product for all purposes of this Agreement (and, for the avoidance of doubt, such new Product shall be eligible for distribution and sale by AB or its Affiliates or designees in any Covered Territory, notwithstanding the Covered Territory with respect to which the Parties initially agreed to the distribution of such New Product). As promptly as practicable after agreeing to the distribution of a New Product, CBA shall, if necessary, use its commercially reasonable efforts to (I) at AB's sole expense, obtain any applicable regulatory approvals and (II) at CBA's sole expense, obtain any applicable Intellectual Property Rights, in each case as required to permit such New Product to be sold in the Covered Territories. For the avoidance of doubt, CBA shall determine, in its sole discretion, which Intellectual Property Rights to obtain in a Covered Territory in addition to those that are legally required to permit a Product to be sold in such Covered Territory and any additional Intellectual Property Rights proposed by AB to be obtained by CBA shall be at AB's sole cost and expense.

(e) Notwithstanding the foregoing, with respect to any New Product that CBA desires to have distributed in the Covered Territories pursuant to this Agreement, CBA shall be permitted to deliver a written notice (the “New Product Offer Notice”) to AB formally requesting that such New Product be accepted as a Product under this Agreement. Within 10 days of AB’s receipt of the New Product Offer Notice, AB shall advise CBA of the information reasonably required by AB to make an evaluation of such New Product. Within 30 days of AB’s receipt of all such information (the “Offer Expiration Date”), AB shall advise CBA of its decision to accept or not accept such New Product as a Product under this Agreement. If (i) AB declines to accept such New Product or fails to accept such New Product by the Offer Expiration Date and (ii) such New Product is not associated with any CBA Brand that is otherwise being distributed by AB or its Affiliates or designees under this Agreement at such time, CBA shall be free to otherwise distribute such New Product as it deems appropriate (including by entering into an international distribution agreement with one or more Third Party distributors); provided that any such international distribution agreement shall comply with the requirements set forth in the third sentence of Section 3.01(b) and, following the entry by CBA into any such agreement, CBA shall comply with the procedures set forth in the last sentence of Section 3.01(b) and in Section 3.01(c) with respect thereto. Without limiting the foregoing, in the event any such international distribution agreement is terminated, CBA shall be required to comply with the preceding provisions of this Section 6.01(e) again before permitting any other Person to distribute the applicable New Product.

SECTION 6.02. On a monthly basis, AB shall deliver to CBA reports on the sales of Products for the preceding month. On a quarterly basis, AB shall discuss with CBA (including, on a semi-annual basis, meeting with CBA at such time and place as the Parties shall mutually agree) the sales of the Products for the preceding Calendar Quarter; the inventories of Products; the prices paid by retailers for the Products; the advertising, marketing and promotion of the Products; the market conditions for the Products and competitive alcohol malt beverage products and such other topics concerning the Products as CBA may reasonably request relating to the sales of the Products for the preceding Calendar Quarters and the next two succeeding Calendar Quarters. From time to time, at the reasonable written request of CBA, AB shall deliver to CBA such other records, reports and information concerning the sales of the Products as are routinely available to AB or produced by or for the benefit of AB in its ordinary course of business. The data provided by AB shall be by geographical area or on such other basis as may be agreed upon by AB and CBA.

SECTION 6.03. AB shall be responsible for the payment of taxes, imposts, duties, withholdings, charges, fees, levies or other assessments, in each case in the nature of a tax levied by any country or any state or political subdivision thereof as a result of the distribution and sale of the Products, together with all interest, fines, penalties and additions attributable to or imposed with respect to such amounts, other than any such tax or fee based upon the income of CBA.

ARTICLE VII

COOPERAGE

SECTION 7.01. If AB orders draught CBA Brewed Products from CBA, CBA shall deliver such draught Products in kegs. On a schedule agreed upon between the Parties, AB shall return any such kegs to CBA and shall pay all costs of transport thereof. The Parties shall establish such customary arrangements as may be satisfactory to them with respect to the ordering and return of such kegs to CBA, including customary keg deposits or reimbursement fees for lost kegs.

SECTION 7.02. In connection with any surrender by the Existing Distributor of any of its distribution rights under the Existing International Distribution Agreement, the Parties shall establish such arrangements as may be satisfactory to them with respect to the obligations and rights of the Existing Distributor with respect to the kegs shipped to the Existing Distributor prior to the effective date of such surrender.

ARTICLE VIII

TERM AND TERMINATION

SECTION 8.01. The Term shall commence as of the date first set forth above and, unless sooner terminated pursuant to this Article VIII, shall continue in effect until December 31, 2026.

SECTION 8.02. Either Party may terminate this Agreement, upon written notice to the other Party, if:

(i) the other Party fails to perform any of its material obligations under this Agreement and such material default (A) is curable within 30 days and (B) continues unremedied for a period of 30 days after written notice of such default from the non-defaulting Party;

(ii) the other Party fails to perform any of its material obligations under this Agreement and such material default (A) is not curable within 30 days but is otherwise able to be cured, and (B) either (x) the defaulting Party does not take reasonable efforts to cure such material default as promptly as practicable after written notice of such default from the non-defaulting Party or (y) such material default continues unremedied for a period of 90 days after written notice of such default from the non-defaulting Party;

(iii) the Contract Brewing Agreement is terminated by such Party pursuant to Section 16.2.2(a) thereof; or

(iv) (A) the other Party makes an assignment for the benefit of creditors or commences a voluntary case or proceeding or consents to or

acquiesces in the entry of an order for relief against itself in an involuntary case or proceeding under any bankruptcy, reorganization, insolvency or similar law; (B) a trustee or receiver or similar officer of any court is appointed for the other Party or for a substantial part of the property of the other Party; or (C) bankruptcy, reorganization, insolvency or liquidation proceedings are instituted against the other Party without such proceedings being dismissed within 90 days from the date of the institution thereof.

SECTION 8.03. AB may terminate this Agreement upon 90 days' prior written notice to CBA at any time following (i) a Change of Control Event (A) that occurs prior to the third anniversary of the date hereof or (B) that occurs following the third anniversary of the date hereof but definitive agreements for which were entered into by CBA prior to the third anniversary of the date hereof or (ii) if AB or one of its Affiliates shall have made a Qualifying Offer to CBA, the earliest of (A) such time as CBA has indicated to AB that is not willing to enter into an agreement with AB or such Affiliate on the terms and conditions proposed in such Qualifying Offer, (B) the consummation of the transaction underlying such Qualifying Offer and (C) 120 days following the receipt by CBA of such Qualifying Offer, if the parties have not entered into definitive documentation with respect thereto (the earliest of (A), (B) or (C), a "Qualifying Offer Lapse"); provided that, (a) the right to terminate this Agreement pursuant to this clause (C) shall not be available to AB if, during such 120-day period, AB has not engaged, and CBA has engaged, in good faith and reasonable efforts to discuss and negotiate a definitive public company style transaction agreement with respect to such Qualifying Offer that satisfies the requirements of clauses (i) and (ii) of the definition thereof and (b) in the event of any good faith dispute between the parties as to whether (I) the Qualifying Offer made by AB satisfies the requirements of clauses (i) and (ii) of the definition thereof or (II) AB has engaged in good faith and reasonable efforts to discuss and negotiate a definitive agreement with respect to such Qualifying Offer, during the pendency of such dispute, (1) the right of AB to terminate this Agreement pursuant to this clause (C) shall not be available, (2) AB shall have no obligation to make any payment to CBA under Section 5.10 and (3) AB shall have no obligation to make any payments to CBA that would be due under Section 5.09 with respect to any period after the date on which this Agreement would have terminated had AB exercised its termination right on the first date such right was available to AB pursuant to this clause (C) (without giving effect to any proviso in this Section 8.03) (the "Original Termination Date"); provided, further, that, if any such dispute is resolved in favor of AB, (x) within 30 days of the resolution thereof, CBA shall pay to AB the amount of any outside counsel fees reasonably incurred by AB in contesting such dispute, together with interest accrued on such amount at the U.S. Prime Rate per month from the Original Termination Date until the date such amount is paid in full to AB and (y) AB shall have no obligation to make any payments to CBA under Section 5.09 with respect to any period after the Original Termination Date; provided, further, that, if any such dispute is resolved in favor of CBA, within 30 days of the resolution thereof, AB shall pay CBA the amount of any outside counsel fees reasonably incurred by CBA in contesting such dispute, together with

interest accrued on such amount at the U.S. Prime Rate per month from the Original Termination Date until the date such amount is paid in full to CBA.

SECTION 8.04. Upon the consummation of the sale by CBA to AB, pursuant to Section 17.01, of all of the international distribution rights for the CBA Brands then being distributed hereunder and the Products associated therewith, this Agreement shall automatically terminate in full with no further action by either Party.

SECTION 8.05. During the period between a notice of termination and the effective date of termination (to the extent applicable), each Party shall continue to perform its obligations hereunder.

SECTION 8.06. Upon the expiration or termination of this Agreement, AB shall not be entitled to purchase any additional Products under this Agreement and shall (i) cease distributing, authorizing and reproducing the CBA Marks or the CBA Creative Materials or any portion of the AB Creative Materials that incorporates the CBA Marks or the CBA Creative Materials and (ii) wind down and relinquish all Intellectual Property Rights granted to AB pursuant to this Agreement, in each case as promptly as commercially practicable; provided that, for the avoidance of doubt, this Section 8.06 shall not have any effect on any license to Intellectual Property Rights granted by CBA to AB or any of its Affiliates under any other agreement or arrangement between CBA and AB or any of its Affiliates. Promptly after the expiration or termination of this Agreement, AB shall deliver to CBA or to CBA's designee all Products in possession of AB and in exchange CBA shall repay to AB the CBA Production Cost, transportation costs and duties and taxes paid by AB in connection with such Products; provided that, if this Agreement is terminated by CBA pursuant to Section 8.02, CBA shall only be obligated to repay to AB the CBA Production Cost with respect to such Products. Upon the expiration or termination of this Agreement, CBA shall immediately cease using the AB Creative Materials and the AB Marks. At the written request of CBA, AB will consider reasonable arrangements for the transfer to CBA or its designee of any advertising, promotional or merchandising materials bearing the CBA Marks or including the CBA Creative Materials in exchange for consideration reasonably acceptable to each Party.

SECTION 8.07. No Party shall have the right to terminate this Agreement except as set forth in this Article VIII.

ARTICLE IX

QUALITY CONTROL AND COMPLIANCE WITH LEGAL REQUIREMENTS

SECTION 9.01. CBA shall take all steps reasonably necessary to protect the quality of the Products hereunder when being produced or in its possession or control. In furtherance of the foregoing, CBA shall ensure that:

(i) the Products shall be produced exclusively in the breweries of CBA or its Affiliates, AB or its Affiliates or in other breweries approved by AB;

(ii) good manufacturing practices are employed with respect to the manufacture and production of the Products and that each brewery used to produce such Products is properly maintained;

(iii) the Products shall be merchantable and fit for their intended purpose;

(iv) the Products will be materially free from defects in materials and workmanship and in compliance in all material respects with applicable Law;

(v) the Products will be materially free from microbiological and any other contamination in accordance with the recipes and specifications for the brewing and packaging of the Products;

(vi) the Products will not be adulterated or misbranded within the meaning of the Federal Food, Drug and Cosmetic Act, as amended, and will comply in all material respects with the applicable provisions of the Code of Federal Regulations, as amended;

(vii) the physical and sensory characteristics of the Products will be the same in all material respects throughout the Term, unless any such Product is modified pursuant to Section 9.03 hereof;

(viii) the Products will be properly handled and stored until their delivery;

(ix) the Products will contain such coding as will permit AB or its Affiliates or designees to determine their age without unreasonable difficulty;

(x) the Products shall be delivered free from any lawful security interest, lien or other encumbrance; and

(xi) the Products shall comply with applicable Law in all material respects.

SECTION 9.02. AB will have the right, upon reasonable prior written notice to CBA, to review and inspect the facilities, procedures, and equipment used by CBA to produce, manufacture, brew, bottle, ship, label or package the Products, it being understood that AB shall have no obligation to conduct any such review or inspection. CBA shall provide reasonable consideration to any quality control procedure recommended by AB.

SECTION 9.03. CBA may change, alter, modify or adjust the formula, taste profile, alcohol content, ingredients, brand name or Marks of any Product only if CBA has provided AB at least 30 days' notice of such change, alteration, modification, or adjustment and has provided AB with all reasonably requested information concerning such Modified Product, including samples of such Modified Product; provided that, for any immaterial changes, alterations, modifications or adjustments to the formula, taste profile, alcohol content, ingredients, brand name or Marks of any Product, no such prior notice to AB shall be required. Not later than 30 days after such notice, AB shall have the right and option to notify CBA that it will cease distributing and selling such Modified Product under this Agreement.

SECTION 9.04. CBA shall maintain all licenses, permits and other authorizations required of CBA for the exportation of the Products into the Covered Territories and CBA shall comply in all material respects with all applicable Law in connection with its exportation of the Products into the Covered Territories. AB shall reimburse CBA for any costs incurred in connection with the foregoing to the extent such costs directly relate to the exportation of the Products by CBA into the Covered Territories.

SECTION 9.05. AB shall use its commercially reasonable efforts to advise CBA of any changes in CBA's labeling and packaging materials (including any warning labels) or manufacture of any CBA Brewed Products as may be, in the judgment of AB, required to comply with applicable Law in the Covered Territories and AB shall reasonably cooperate with CBA to ensure that the labeling, packaging and manufacturing of the applicable CBA Brewed Products complies with such requirements and all applicable Law; provided that, for the avoidance of doubt, except to the extent set forth in this Section 9.05, CBA shall have responsibility for ensuring that the labeling, packaging and handling of CBA Brewed Products complies with applicable Law in the Covered Territories.

SECTION 9.06. AB shall handle, store and ship, and shall direct its Affiliates and designees to handle, store and ship, all Products in their respective possession in accordance with reasonable and customary storage procedures, and in no event shall the quality standards and procedures applied to the handling, storage and shipping of such Products be less than the quality standards and procedures applied to comparable products owned by AB. CBA may from time to time propose additional quality standards and procedures relating to the handling, storage and shipping of the Products and AB

shall provide reasonable consideration to any such quality standards and procedures proposed by CBA.

SECTION 9.07. AB shall maintain all licenses, permits and other authorizations that are necessary for the importation, distribution, advertising, marketing and sale of the Products in the Covered Territories.

SECTION 9.08. AB shall comply in all material respects with all applicable Law covering the importation, distribution, advertising, marketing and sale of the Products in the Covered Territories.

SECTION 9.09. Each Party shall inform each other in writing of any and all consumer complaints or claims (each, a "Claim") regarding the Products which are reported to it or which come to its attention. Such reports shall contain the date the consumer complaint was received, the name and address of the reporting person, and a detailed description of the circumstances. Claims shall be reported to the other Party within 15 Business Days of receipt, except for "serious" Claims, which shall be reported not later than 2 Business Days following receipt. A "serious" Claim shall mean one alleging an adverse reaction or product defect that causes injury to the consumer which is fatal, life-threatening, disabling, incapacitating or that results in or prolongs hospitalization, and shall also include any media inquiry or government inquiry with respect thereto. Notwithstanding this Section 9.09, the notification obligations of the Parties with respect to any claims regarding Intellectual Property Rights are set forth in Section 11.05(a).

SECTION 9.10. Each Party shall notify the other in writing of (i) any information that comes to its attention relating to the Products distributed in the Covered Territories reasonably thought likely to involve a consumer health or safety problem and (ii) any possible action and/or decision by a competent authority to recall (or that could result in a recall of) any such Product or batches of any such Product. In the event of a possible recall, the Parties shall designate appropriate personnel to form a team as soon as possible to facilitate the sharing of relevant information and coordination regarding the potential recall; provided, however, that (A) CBA shall have the exclusive right to determine whether to recall the applicable Product and shall be responsible for all costs required or incurred in connection with any recall of CBA Brewed Products (unless such recall is occasioned by any breach for which AB is required to indemnify CBA under Section 12.02, in which event AB shall be responsible for all costs required or incurred in connection with such recall) and (B) AB may in its sole discretion, with respect to such recalled defective Products (I) dispose of such defective Products and (II) cease the sale of such defective Products (or cause its Affiliates or designees to cease the sale of such defective Products) until the required quality has been restored. Each Party shall promptly provide the other with all information relevant to the Product recall and shall actively cooperate with the other in implementing the Product recall strategy; provided that, subject to the immediately preceding sentence, CBA shall have the exclusive right to make all final decisions regarding the Product recall strategy.

ARTICLE X

ADDITIONAL TERRITORIES

SECTION 10.01. AB shall have the option, at any time upon the delivery of written notice to CBA (a “New Territory Notice”), to elect to begin the distribution of some or all of the Products in any country or region not then a Covered Territory or an Existing Territory, other than the United States and its territories and possessions (a “Proposed New Territory”). As promptly as practicable after receiving a New Territory Notice from AB, CBA shall, if necessary, use its commercially reasonable efforts to (i) at AB’s sole expense, obtain any applicable regulatory approvals and (ii) at CBA’s sole expense, obtain any applicable Intellectual Property Rights (including the registration of any applicable existing CBA Intellectual Property Rights in such Proposed New Territory), in each case as required to permit the Products to be sold in such Proposed New Territory. For the avoidance of doubt, CBA shall determine, in its sole discretion, which Intellectual Property Rights to obtain in a Proposed New Territory in addition to those that are legally required to permit a Product to be sold in such Proposed New Territory and any additional Intellectual Property Rights proposed by AB to be obtained by CBA shall be at AB’s sole cost and expense. AB shall have the right to commence distribution of Products in a Proposed New Territory at any time following receipt of all required regulatory approvals and Intellectual Property Rights in such Proposed New Territory related to the distribution of such Products and, at such time as AB commences such distribution, such Proposed New Territory shall become a New Territory and a Covered Territory for all purposes of this Agreement.

ARTICLE XI

INTELLECTUAL PROPERTY RIGHTS

SECTION 11.01. AB acknowledges and agrees that, as between the Parties, CBA owns all Intellectual Property Rights in the CBA Marks and CBA Creative Materials. Any and all rights and goodwill in the CBA Marks and the CBA Creative Materials shall inure to the benefit of and be the exclusive property of CBA. CBA acknowledges and agrees that, as between the Parties, AB owns all Intellectual Property Rights in the AB Marks and AB Creative Materials. Any and all rights and goodwill in the AB Marks and the AB Creative Materials shall inure to the benefit of and be the exclusive property of AB.

SECTION 11.02. CBA hereby grants to AB an exclusive (even as to CBA), non-assignable and non-transferrable right and license to use the CBA Marks and the CBA Creative Materials in connection with the performance of this Agreement; provided, however, that (i) AB may sub-license such right and license to its Affiliates and Third Party designees (to the extent such Third Party designees have been approved by CBA in accordance with Section 3.01) used by AB to perform its obligations hereunder and (ii) CBA shall have the right and license to use the CBA Marks and CBA Creative Materials in the Covered Territories to the extent of any marketing activities conducted by CBA

pursuant to Section 6.01(c). AB shall use CBA Marks and CBA Creative Materials only after receiving CBA's written approval, it being understood that if CBA does not respond within 10 Business Days after approval is sought, CBA shall be deemed to have provided such approval. AB grants to CBA the right to use the AB Marks and the AB Creative Materials in connection with the sale and distribution of the Products outside of the Covered Territories, but such right shall be non-assignable and non-transferable. CBA shall use AB Marks and AB Creative Materials only after receiving AB's written approval, it being understood that if AB does not respond within 10 Business Days after approval is sought, AB shall be deemed to have provided such approval. Prior to any such use in any geographic area outside the Covered Territories, CBA shall be required to obtain any necessary approvals or licenses from any Third Party in connection with such use, shall be required to confirm that such use in any geographic area is not inconsistent with Intellectual Property Rights of any Third Party in such geographic area and shall be required to pay any costs or expenses in connection with such approvals, licenses and confirmations.

SECTION 11.03. CBA shall use reasonable best efforts to (i) maintain in each of the Covered Territories during the Term full legal title to each CBA Mark which is used in each such Covered Territory and (ii) maintain such title free and clear of any claims, liens or encumbrances, other than any liens set forth on Schedule 11.03, and of any rights or interest of any Person or entity therein, direct or contingent, except for the rights and licenses granted hereunder or otherwise permitted by this Agreement; provided that CBA may transfer title to CBA Marks in connection with the sale of a CBA Brand in compliance with Section 19.01(a).

SECTION 11.04. CBA shall take all commercially reasonable actions to protect and defend the CBA Marks and CBA Creative Materials, including in respect of any infringement or alleged infringement thereof. To the extent any approvals are required to perfect the CBA Marks or Intellectual Property Rights in the CBA Creative Materials in a Covered Territory which approvals, as of the date of this Agreement, have not yet been obtained by CBA, CBA agrees to use its reasonable best efforts to obtain such licenses and registrations and similar approvals to perfect such CBA Marks or CBA Creative Materials in the applicable Covered Territory that CBA, in its sole discretion, deems advisable to obtain, in each case at its sole expense; provided that, to the extent any such licenses, registrations or similar approvals are required to permit any applicable Products to be sold in the applicable Covered Territory, CBA shall obtain such licenses, registrations or approvals at its sole expense. Any Intellectual Property Rights proposed by AB to be obtained by CBA in addition to those required to sell the Products in any applicable Covered Territory or that CBA has deemed advisable to obtain in a Covered Territory shall be at AB's sole cost and expense. CBA shall pay all renewal and other fees necessary to maintain the registrations and validity of the CBA Marks and all Intellectual Property Rights in the CBA Creative Materials in the Covered Territories (other than with respect to registrations and Intellectual Property Rights initially requested to be obtained by AB that are not required to sell the Products, which renewal and other fees shall be borne by AB) used in connection with the performance of its obligations under this

Agreement and CBA shall prosecute any applications thereof with due diligence during the Term.

SECTION 11.05. (a) Each Party shall promptly provide the other with written notice of (i) any known or suspected infringement or other violation by any Third Party of any Intellectual Property Rights with respect to the Products in the Covered Territories that may come to such Party's attention or (ii) any infringement or violation of the Intellectual Property Rights of any Third Party known to such Party or alleged in writing by a Third Party relating to the use of the CBA Marks or CBA Materials or the distribution or sale of any Products in any Covered Territory. To the extent CBA uses any AB Marks or AB Creative Materials in connection with the sale and distribution of the Products outside of the Covered Territories, CBA shall promptly provide AB with written notice of any known or suspected infringement or other violation by any Person of any AB Mark or AB Creative Material outside of the Covered Territories that may come to CBA's attention.

(b) Following such time as either Party provides written notice to the other Party of any known or alleged infringement pursuant to clause (ii) of Section 11.05(a), the Parties shall promptly discuss in good faith any mutually agreeable alternative arrangements to allow for the continued distribution and sale of any affected Products in such Covered Territory without infringement or violation of the Intellectual Property Rights of any Third Party. The Parties shall promptly implement any mutually agreeable alternative arrangements. If the Parties are not able to reach agreement on any such alternative arrangements within 90 days, (i) AB shall cease (and shall cause its Affiliates and designees to cease) the distribution and sale of the affected Products in such Covered Territory to the extent reasonably necessary to avoid infringement or violation of the Intellectual Property Rights of any Third Party, and (ii) CBA shall, within 30 days of invoice by AB, reimburse AB for all reasonable out-of-pocket costs and expenses directly incurred by AB in connection with the cessation of sales of such Products in the Covered Territory, including any disposals by AB of Products or any marketing materials related thereto that are not, in AB's reasonable determination, reusable in any other Covered Territory. In the event that AB ceases distribution of any Products in a Transition Territory pursuant to this Section 11.05(b), the Benchmark Annual Volume for such Transition Territory shall be ratably decreased with respect to the Calendar Year in which AB ceased such distribution and each succeeding Calendar Year to account for the cessation of sales of such Products.

ARTICLE XII

INDEMNIFICATION

SECTION 12.01. CBA shall defend, indemnify, and hold harmless each of AB, its Affiliates, its other designees used by AB to perform its obligations hereunder (in the case of such other designees, to the extent AB is permitted to use such designees in accordance with the terms of this Agreement) and each of their respective directors,

officers, employees, shareholders, and agents, from and against any and all injuries, claims, liabilities, losses, expenses, taxes, damages, demands, actions, causes of action, suits, proceedings and judgments of whatsoever type or nature, including, without limitation, reasonable attorneys' fees and expenses, court costs, and other legal expenses ("Liabilities"), incurred by it or them in connection with any claim based upon or arising from:

(i) any breach by CBA of its obligations under this Agreement or any inaccuracy of any representation or warranty made by CBA under this Agreement;

(ii) any infringement, misappropriation, or other violation of Intellectual Property Rights of Third Parties arising or alleged to arise from the use of CBA Creative Materials or CBA Marks under this Agreement including any such CBA Creative Materials or CBA Marks incorporated in the AB Creative Materials, except to the extent arising from AB's failure to cease distribution of any infringing Products or Marks in an applicable Covered Territory in accordance with Section 11.05(b); and

(iii) any act or omission of CBA or the Existing Distributor arising from or related to any period prior to the date hereof (or, with respect to any Existing Territory, prior to the date of the surrender or early termination of the Existing Distributor's rights with respect thereto), including any claims relating to the early surrender or termination of the Existing Distributor's rights under the Existing International Distribution Agreement (other than cost reimbursement expressly provided for under Section 2.02).

Nothing herein shall require CBA to indemnify, protect, defend or hold harmless any indemnitee with respect to any claim to the extent such claim arises from, is connected with or is attributable to AB's breach of its obligations under this Agreement.

SECTION 12.02. AB shall defend, indemnify, and hold harmless CBA and its directors, officers, employees, shareholders and agents from and against any and all Liabilities incurred by it or them in connection with any claim based upon or arising from:

(i) any breach by AB of its obligations under this Agreement or any inaccuracy of any representations or warranties made by AB under this Agreement; and

(ii) any infringement, misappropriation, or other violation of Intellectual Property Rights of Third Parties arising or alleged to arise from the use of AB Creative Materials or AB Marks in the Covered Territories to the extent such infringement, misappropriation or violation or alleged infringement, misappropriation or violation does not relate or arise out of any CBA Creative Materials or CBA Marks that may be incorporated therein.

Nothing herein shall require AB to indemnify, protect, defend or hold harmless any indemnitee with respect to any claim to the extent such claim arises from, is connected with or is attributable to CBA's breach of its obligations under this Agreement or the actions of the Existing Distributor or any of its designees.

SECTION 12.03. Notwithstanding any other provision of this Agreement, except to the extent such Liabilities are payable by the applicable indemnified party in connection with a Third Party claim, none of the Parties shall have any Liability to the other Party whether in contract (including under any indemnity), tort (including negligence) or for breach of legal duty or in any other way for (i) any loss of goodwill or reputation, profits, contracts, business or anticipated savings or (ii) any special, consequential or indirect losses, in each such case whether or not such losses were within the contemplation of the Parties at the date of this Agreement.

SECTION 12.04. If a claim by a Third Party is made against a party indemnified pursuant to this Article XII and if such indemnified party intends to seek indemnity with respect thereto, the indemnified party shall promptly (and in any case within 30 days of such claim being made) notify the indemnifying party of such Liability; provided, however, that any failure of the indemnified party to promptly notify the indemnifying party of such claim shall not relieve the indemnifying party of its obligations pursuant to this Article XII, except to the extent that the indemnifying party is actually prejudiced as a result of such failure.

SECTION 12.05. The indemnifying party shall have the right (but not the obligation) to undertake, conduct and control, through appropriate counsel of its own choosing and at the indemnifying party's expense, the settlement or defense of any claim by a Third Party for which the indemnifying party is obligated to indemnify the other Party hereunder; provided that the indemnifying party (i) acknowledges in writing its obligation to indemnify the indemnified party hereunder against any Liabilities that may result from such Third Party Claim and (ii) proceeds with such defense in good faith, expeditiously and diligently. If the indemnifying party does not notify the indemnified party in writing that it will defend any such matter within 20 days after receipt of notice from the indemnified party of the existence of the Liability, the indemnifying party shall have no right to defend such matter, and the indemnified party shall have full right and power to defend, settle or otherwise deal with and dispose of the matter and shall be indemnified for the fees and expenses of counsel retained for such purpose and any judgment or settlement amount.

SECTION 12.06. The indemnified party shall cooperate with the indemnifying party in connection with any defense by the indemnifying party of a claim pursuant to Section 12.05, but the indemnifying party shall permit the indemnified party to participate in such settlement or defense through counsel chosen by the indemnified party and the fees and expenses of such counsel shall be borne by the indemnified party. Without the prior written consent of the indemnified party, the indemnifying party will not enter into any settlement of any such Liability which would create (i) any financial

obligation on the part of the indemnified party which the indemnifying party has not agreed in writing to pay in full or (ii) any non-monetary obligation on the part of the indemnified party, and the indemnifying party shall, after any such settlement or the resolution of any claim, promptly reimburse the indemnified party for the full amount of any Liability resulting from such claim not theretofore paid by the indemnifying party. Except as provided in Section 12.05, the indemnified party will not enter into any settlement or pay (except pursuant to a judgment) any such claim without the prior written consent of the indemnifying party, which consent shall not unreasonably be withheld, conditioned or delayed.

ARTICLE XIII

REPRESENTATIONS AND WARRANTIES

SECTION 13.01. Each Party represents and warrants to the other as follows:

(i) It is a corporation or limited liability company, as applicable, duly organized, validly existing, and in good standing and has full corporate or other power and authority to carry on its business as now conducted and as currently proposed to be conducted, and to execute, deliver and carry out the terms of this Agreement, has all material permits and authorizations necessary to carry on its business as presently conducted, and is, or shall be if required, duly qualified to do business as a foreign corporation in good standing in each jurisdiction wherein the nature of its business and operations or the character of the properties owned or held under lease by it makes such qualification necessary and in which the failure to so qualify would have a material adverse effect on its business, prospects, profits, condition or operations, financial or otherwise.

(ii) Such Party has duly authorized, executed and delivered this Agreement and it is a valid and binding obligation of such Party, enforceable against such Party in accordance with its terms. There is no litigation or other proceeding pending or, to the knowledge of such Party, threatened against it, which, if adversely determined, would prohibit the execution, delivery, or performance by such Party of this Agreement or materially impair such Party's ability to perform its obligations hereunder.

(iii) Neither the execution and delivery nor the performance by such Party of this Agreement will contravene any applicable Law, or any judgment or order, or result in any breach of or constitute any default under, or result in the creation of any lien upon any property of such Party under, any indenture, mortgage, or other agreement or instrument to which such Party is a party or by which it, or any of its properties, may be bound or affected.

(iv) It has obtained all Governmental Approvals required on its part to be obtained in connection with its execution and delivery of this Agreement.

SECTION 13.02. CBA additionally represents and warrants to AB as follows:

(i) CBA's grant of the rights hereunder to AB does not violate the Existing International Distribution Agreement or any other agreement, contract or instrument to which CBA is a party or by which it, or any of its properties, may be bound or affected.

(ii) Prior to the date hereof, CBA has provided to AB all information available to it concerning the agreements, instruments and contracts between CBA and the Existing Distributor and any related agreements or arrangements.

(iii) Except as set forth on Schedule 13.02(iii) hereof, there is no litigation or other proceeding pending or, to the knowledge of CBA, threatened that alleges or asserts that: (A) the Products or the use of the CBA Creative Materials or the CBA Marks in the Existing Territories or the Covered Territories infringe, misappropriate, or otherwise violate Intellectual Property Rights of any Third Party; (B) the Products have caused death, bodily injury or property damage; or (C) the importation, manufacture, brewing, bottling, distribution, marketing, sale, shipping, labeling, package, storage or transport of the Products in the Existing Territories or the Covered Territories otherwise violates any applicable Law.

ARTICLE XIV

INSURANCE

CBA shall procure and maintain from qualified and licensed insurers with Best's Ratings of at least A-: (i) a comprehensive general liability insurance with liquor and product liability coverage regarding the sale of CBA Products, in an amount not less than \$10,000,000 in coverage for each occurrence; (ii) a workers' compensation policy with at least \$2,000,000 in coverage for each occurrence; and (iii) a property insurance policy covering damage to the CBA Products owned by CBA. Coverage shall be on an occurrence rather than a claims-made basis. The policy shall name AB as an additional insured and shall include coverage for all of CBA's defense and indemnification obligations under this Agreement. The policy shall provide that AB will be notified of the cancellation or any restrictive amendment of the policy at least 15 days prior to the effective date of such cancellation or amendment. CBA shall not violate, or permit to be violated, any conditions of such insurance policies, and CBA shall at all times satisfy the requirements of the insurance carrier writing said policy.

From time to time at the written request of AB, CBA shall provide AB with a certificate from such insurer certifying that the insurance policy described in this Article XIV is in force and that AB is an additional insured thereunder. The evidence of coverage shall specifically state that coverage as it pertains to AB shall be primary regardless of any other coverage that may be available to AB. Failure to procure and

maintain the insurance coverage specified herein shall be deemed a material breach of this Agreement.

ARTICLE XV
CONFIDENTIALITY

SECTION 15.01. During and subsequent to the Term, each Party (the “receiving Party” and, the other party, the “disclosing Party”) shall treat and shall cause its respective employees, officers, directors, advisors, representatives, subsidiaries, Affiliates, assigns, subcontractors and any and all Persons or business entities acting under one or any of them, to treat, as confidential property and not disclose to any other Person or use in any manner, except as is necessary to perform this Agreement (and then only on a confidential basis satisfactory to both parties), any confidential information regarding the disclosing Party’s prices, plans, programs, processes, products, costs, equipment, operations or customers (including, without limitation, information received by AB with respect to the Product formula and ingredients and information received by CBA regarding the distribution and logistics programs used by AB) (“Confidential Information”) which may come within the knowledge of such Party, its officers, employees or advisors in the performance of this Agreement, without in each instance securing the prior written consent of the disclosing Party.

SECTION 15.02. Section 15.01 shall not prevent either Party from disclosing to any other Person or using in any manner, information that such Party can show:

(i) has been published or has become part of the public domain without any breach of this Agreement other than by acts, omissions or fault of such Party or its employees or agents;

(ii) has been furnished or has been made known to such Party by Third Parties (other than those acting directly or indirectly for or on behalf of the disclosing Party) as a matter of legal right without contractual or fiduciary restrictions on its disclosure;

(iii) was in such Party’s lawful possession prior to the disclosure thereof by the disclosing Party;

(iv) is later independently developed by the receiving Party without use or reference to the Confidential Information;
or

(v) subject to Section 15.03, has been required on the advice of counsel to be disclosed by applicable Law.

SECTION 15.03. If either Party is required by applicable Law to disclose Confidential Information, such Party shall provide notice thereof to the disclosing Party and undertake reasonable steps to provide the disclosing Party with an opportunity to

object to such disclosure. In the absence of a protective order or the receipt of a waiver from the disclosing Party, the receiving Party will endeavor to disclose only that portion of the Confidential Information that such Party's counsel advises is legally required to be disclosed and shall use commercially reasonable efforts (at the disclosing Party's expense) to obtain reliable assurances that confidential treatment will be accorded to any Confidential Information required to be disclosed in accordance with the terms of this Agreement.

SECTION 15.04. The Parties shall consult with each other before issuing, and give each other the reasonable opportunity to review and comment upon, any press release or other public statements with respect to this Agreement and the transactions contemplated hereby and shall not issue any such press release or make any such public statement prior to such consultation, except (i) as such Party may reasonably conclude may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system, in which case the receiving Party shall give the disclosing Party as much advance notice of such disclosure as is reasonably possible and shall otherwise comply with Section 15.03, to the extent applicable, and (ii) communications that are substantially similar to communications previously approved pursuant to this Section 15.04. The initial press release to be issued with respect to the transactions contemplated by this Agreement shall be in a form agreed to by the Parties.

SECTION 15.05. Neither Party shall make any Confidential Information available to anyone other than those of its respective employees and advisors who need such Confidential Information to enable them to perform this Agreement.

SECTION 15.06. These secrecy obligations with respect to Confidential Information shall, subject to Section 15.02, survive the termination or expiration of this Agreement.

ARTICLE XVI

INTERNATIONAL BREWING OPTION

SECTION 16.01. AB shall have the option to elect, at any time during the Term, to commence brewing, outside of the United States, some or all of the Products to be distributed in the Covered Territories under this Agreement by delivering written notice thereof to CBA. Within 60 days of the receipt by CBA of such notice, the Parties shall enter into a contract brewing agreement (the "International Brewing Agreement") for the brewing, bottling and packaging of such Products by AB. The International Brewing Agreement shall be on customary terms substantially consistent, to the extent applicable, with the terms and conditions of the Contract Brewing Agreement; provided that no incremental licensing or similar payments shall be required to be made by AB under or in connection with such International Brewing Agreement. Any such International Brewing

Agreement entered into by CBA and AB shall be coterminous with this Agreement, unless the Parties otherwise agree.

ARTICLE XVII

CHANGE OF CONTROL OPTION

SECTION 17.01. Upon (i) any Change of Control Event or (ii) the termination of this Agreement pursuant to Section 8.03(ii), (A) AB shall have the option to elect, by delivering an irrevocable written notice thereof to CBA (a "Rights Call Notice"), to purchase the international distribution rights for each CBA Brand then being distributed by AB or its Affiliates or designees under this Agreement and all Products associated with such CBA Brands in each territory worldwide other than the United States and its territories and possessions at the Fair Market Value (as defined below) of such rights and on otherwise customary terms and conditions (including the grant of an exclusive, perpetual, irrevocable, sublicensable and royalty-free license by CBA to AB with respect to the use of the applicable CBA Brands in connection with the contemplated international distribution and an agreement by AB to provide reasonable and customary assurances to protect the reputation and strength of the CBA Marks and the goodwill associated with such CBA Marks in connection therewith); provided that, to the extent CBA has granted distribution rights to any such CBA Brand or Products in any such territory to any Third Party in accordance with the terms of this Agreement, AB agrees that it shall take such rights subject to, and shall assume CBA's obligations under, any such distribution agreement, and (B) upon such election by AB, CBA agrees to sell such rights to AB at the Fair Market Value thereof and on otherwise customary terms and conditions and to assign to AB CBA's rights and obligations under any distribution agreement of the type described in the proviso to the preceding clause (A). The Parties shall enter into any documentation required to effect such sale and, if applicable, assignment as promptly as practicable following AB's delivery of such notice to CBA.

SECTION 17.02. The "Fair Market Value" of the CBA international distribution rights described in Section 17.01 (the "Rights") for purposes of this Article XVII shall be determined in accordance with this Section 17.02. If CBA and AB agree on the fair market value of the Rights, then the Fair Market Value thereof shall be the amount agreed by CBA and AB. If CBA and AB do not agree on a fair market value for the Rights within 30 days of receipt by CBA of a Rights Call Notice, then the Parties shall each submit to the other their respective determinations of the fair market value of the Rights, together with the basis for such determinations. If the difference between their respective fair market value determinations is less than 10%, then the Fair Market Value shall equal the average of their respective fair market value determinations. If the difference between the Parties' respective fair market value determinations is 10% or more, then CBA and AB shall jointly retain a mutually agreeable nationally recognized valuation firm (the firm or advisor so elected pursuant to this sentence, the "Appraiser"). The Appraiser shall conduct an appraisal using normal and customary valuation techniques to determine the fair market value of the Rights (which appraisal (a) shall take into account any Third

Party agreements that such Rights are subject to at such time in accordance with Section 17.01 and (b) shall not take into account the one-time payments made by AB to CBA under this Agreement pursuant to Sections 5.09 and 5.10). CBA and AB shall have an opportunity to present their respective analyses to the Appraiser. The Appraiser shall be required to determine a fair market value between the amounts proposed by CBA and AB, respectively, and shall be instructed by CBA and AB to complete its appraisal within 30 days following its engagement. CBA and AB shall cooperate and timely respond to any reasonable requests for information from the Appraiser in connection with its appraisal. The Fair Market Value of the Rights shall equal the average of the fair market value as determined by the Appraiser and the fair market value submitted by either CBA or AB that is closest to the fair market value determined by the Appraiser; provided that, if the fair market value determined by the Appraiser is the exact midpoint of the values submitted by CBA and AB, such midpoint value shall be the Fair Market Value of the Rights. The determination of the Appraiser shall be final and binding upon the Parties. The fees and expenses of the Appraiser shall be borne by the Party whose Fair Market Value determination was the furthest from that of the Appraiser or, if the Fair Market Value determinations of each of CBA and AB were equally different from that of the Appraiser, such fees and expenses shall be borne equally by CBA, on the one hand, and AB, on the other hand.

ARTICLE XVIII

AUDIT RIGHTS

SECTION 18.01. In the event of any dispute between the Parties with respect to all or any portion of any CBA Production Cost, any CBA Delivery Cost, the Benchmark Annual Volume for any Covered Territory (other than for the 2017 Calendar Year), any International Royalty Fee or any component thereof (including any volume of Product sales reported by AB in connection with any International Royalty Fee), the disputing Party shall promptly notify the other Party thereof by written notice (a "Dispute Notice") specifying the amount or amounts in dispute and the disputing Party's calculation thereof. Following the delivery of any Dispute Notice by a disputing Party, each Party shall promptly (and in any event within 30 days thereafter) provide to the other Party any supporting documentation reasonably requested by the other Party with respect to the amounts in dispute and the Parties shall seek to resolve such dispute expeditiously and in good faith. If the Parties are not able to resolve such dispute within 30 days following the delivery of a Dispute Notice, the Parties shall submit such dispute for review and resolution by PricewaterhouseCoopers LLC or, if such firm is not available, another independent, nationally recognized accounting or consulting firm reasonably acceptable to each party (PricewaterhouseCoopers LLC or such other firm, the "Accounting Firm"), and the Accounting Firm shall make a final determination of the applicable amount in dispute; provided that the scope of such review by such Accounting Firm shall be limited to: (i) those matters that remain in dispute and (ii) whether the calculations of the CBA Production Cost, the CBA Delivery Cost, the Benchmark Annual Volume for any Covered Territory (other than for the 2017 Calendar Year), the International Royalty Fee o

r any component thereof, as applicable, were made in accordance this Agreement. The fees and expenses of the Accounting Firm pursuant to this Section 18.01 shall be paid based upon the relative extent to which the positions of AB and CBA are upheld by the Accounting Firm.

SECTION 18.02. During the Term and for a period of at least two years following the termination of this Agreement, each Party shall maintain such books and records in accordance with generally accepted accounting principles consistently applied as are necessary to substantiate that: (i) all invoices and other charges submitted to the other for payment hereunder were valid and proper; (ii) the calculations of the CBA Production Cost, the CBA Delivery Cost, the Benchmark Annual Volume for any Covered Territory (other than for the 2017 Calendar Year), the International Royalty Fee and any components thereof, as applicable, are complete and correct; and (iii) no payments have been made, directly or indirectly, by or on behalf of either Party to or for the benefit of any employee or agent of the other Party who may reasonably be expected to influence such other Party's decision to enter into this Agreement, or the amount to be paid by such other Party pursuant hereto (as used herein, "payment" shall include money, property, services and all other forms of consideration). Each Party and/or its representative shall have the right at any time during normal business hours, upon five Business Days' notice (but not more than one time in any consecutive 12-month period), to have an Accounting Firm audit the books and records of the other to confirm (i) through (iii) above, in a manner that does not create unreasonable disruption to the audited Party's normal conduct of business. In the event any such audit shall identify any underpayment or overpayment by one Party to the other, the Parties shall make such true-up payments as may be necessary to remedy any such underpayment or overpayment.

ARTICLE XIX

MISCELLANEOUS

SECTION 19.01. (a) This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto, and their respective successors and permitted assigns. CBA may not assign its rights or obligations under this Agreement to any Person without AB's prior written consent. Notwithstanding the foregoing (but without limiting AB's rights in the event of a Change of Control Event), in the event that CBA wishes to sell or otherwise transfer any CBA Brand then being distributed by AB or its Affiliates or designees hereunder or any Products associated therewith to any Third Party, (i) CBA shall not enter into any agreement or arrangement for such transfer unless the definitive documentation therefor requires the Third Party to assume all of the obligations of CBA under this Agreement with respect to such CBA Brand and (ii) CBA shall be permitted to assign all of its rights and obligations under this Agreement with respect to such CBA Brand to any Third Party in a transaction that otherwise complies with the preceding clause (i).

(b) AB may assign this Agreement or any portion of AB's performance obligations hereunder with respect to any Covered Territory to any of its Affiliates; provided that (i) any such assignment shall not deny CBA any of the benefits of this Agreement and (ii) AB shall remain liable for its rights and obligations hereunder notwithstanding any such assignment.

SECTION 19.02. Any notice, request or demand to be given or made under this Agreement shall be in writing and shall be deemed to have been duly given or made: (i) upon delivery, if delivered by hand and addressed to the Party for whom intended, at the address listed below; (ii) when transmitted and receipt is confirmed by telephone or e-mail transmission, if delivered electronically and addressed to the Party for whom intended at the e-mail address listed below; provided that a copy of such electronic transmission is promptly deposited for delivery by one of the methods listed in clauses (i) or (iii) of this Section 19.02; or (iii) 10 days after deposit in the mails, if sent certified or registered air mail (if available) with return receipt requested, or five days after deposit, if deposited for delivery with a reputable courier service, and in each case addressed to the Party for whom intended at the address listed below:

If to CBA, to:

Craft Brew Alliance, Inc.
929 N. Russell St.
Portland, Oregon 97227
Attn: Chief Executive Officer
General Counsel
E-mail: Andy.Thomas@craftbrew.com
Marcus.Reed@craftbrew.com

If to AB, to:

Anheuser-Busch Worldwide Investments, LLC
250 Park Ave
New York, New York 10177
Attn: Global Vice President – Specialty Disruptive Growth Organization
E-mail: Jerome.Pellaud@ab-inbev.com

and

Anheuser-Busch Worldwide Investments, LLC
One Busch Place
St. Louis, Missouri 63118
Attn: Senior Associate General Counsel
E-mail: Thomas.Larson@anheuser-busch.com

Any party may change its address and/or e-mail for the purposes of this Section 19.02 by written notice hereunder given to the other party at least 10 days prior to the effective date of such change.

SECTION 19.03. The Parties shall be and act as independent contractors and under no circumstances shall this Agreement be construed to create any agency, partnership, joint venture or employment relationship between the parties. Neither Party

has any authority to bind the other in any way except as may be otherwise expressly stated in this Agreement. The Parties recognize that during the Term there may be employees of one Party upon the premises of the other. It is understood and agreed that on such occasions (i) the employees of each Party shall remain the employees of that Party solely, (ii) each Party shall be solely responsible for the wages and benefits for its employees and (iii) any injury which may be sustained by an employee shall be covered under the worker's compensation insurance of the Party by which he or she is employed.

SECTION 19.04. If any provision of this Agreement shall be determined to be illegal or unenforceable by any court of law or any competent governmental or other authority, the remaining provisions shall be severable and enforceable in accordance with their terms so long as this Agreement without such terms or provisions does not fail in its essential commercial purpose or purposes. The Parties will negotiate in good faith to replace any such illegal or unenforceable provision or provisions with suitable substitute provisions that will maintain the economic purposes and intentions of this Agreement.

SECTION 19.05. If by reason of Force Majeure either Party is unable, in whole or in part, to carry out any of its agreements contained herein, such party shall not be deemed in default during the continuance of such inability. The term "Force Majeure" as used herein shall mean any cause or event beyond the reasonable control of a party, including but not limited to the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; acts of terrorism; insurrections; riots; landslides; earthquakes; fires; epidemics; storms; droughts; floods or explosions. Each Party agrees to notify the other party, in writing, upon learning of the occurrence of such event of Force Majeure and to remedy with all reasonable dispatch the cause or causes preventing it from carrying out this Agreement and to use commercially reasonable efforts to resume its performance with the least practicable delay.

SECTION 19.06. This Agreement is entered into in the State of Missouri and will be governed by and construed under the Laws of Missouri, including the Uniform Commercial Code as in effect in the State. The Parties agree that any legal or equitable action or proceeding with respect to this Agreement shall be brought in the United States District Court for the Eastern District of Missouri (or if such court does not have jurisdiction, in any court of general jurisdiction in the County of St. Louis, Missouri).

SECTION 19.07. In addition to all other rights available under Law, each Party shall be entitled to injunctive relief restraining the breach or threatened breach of each obligation under this Agreement and to specific performance of each obligation under this Agreement. The Parties agree that monetary damages would not be adequate compensation for any loss incurred by reason of a breach of any obligation under this Agreement and agree to waive the defense in any action for injunctive relief or specific performance of any obligation under this Agreement that a remedy of law would be adequate. This Section 19.07 shall not apply to the payment obligations of either Party. To the extent permitted by Law, each Party hereby irrevocably waives any defense that it

might have based on the adequacy of a remedy at law which might be asserted as a bar to such remedy of specific performance or injunctive relief.

SECTION 19.08. Failure by any Party to insist on strict performance by the other of any term, condition or obligation set forth in this Agreement shall not be deemed a waiver of the same or any similar breach, and no waiver of any provision hereof shall be effective unless in writing, specifying the provision to be waived.

SECTION 19.09. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements in regard thereto. This Agreement cannot be altered or modified except by an agreement in writing signed by authorized representatives of each of the Parties and specifically referring to this Agreement. The section headings are inserted for convenience only and are in no way intended to define or limit the scope, extent or intent of any provision of this Agreement and do not constitute a substantive part of this Agreement. Notwithstanding the terms of any purchase order or other communication exchanged between the Parties in connection with any order of Products or other transactions contemplated hereby, the terms and conditions of this Agreement shall govern the obligations of the Parties with respect to such order or transaction to the extent there is any conflict.

SECTION 19.10. The Parties acknowledge each Party and its counsel have materially participated in the drafting of this Agreement. Consequently, the rule of contract interpretation, that ambiguities, if any, in a writing be construed against the drafter, shall not apply.

SECTION 19.11. Nothing in this Agreement, express or implied, is intended or shall be construed to give any Person other than the Parties to this Agreement, and the indemnitees specified in Article XII or their respective successors or assigns, any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

SECTION 19.12. This Agreement may be executed in one or more counterparts and shall be the valid and binding agreement of the Parties when the counterparts of this Agreement have been duly executed and delivered by each Party hereto.

SECTION 19.13. No delay or omission to exercise any right or power accruing upon any breach or default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

SECTION 19.14. The provisions of Sections 8.06 and 18.02 and Articles I, XII, XV, XVII and XIX shall survive the expiration or earlier termination of this Agreement.

SECTION 19.15. It is agreed and understood that CBA and Affiliates of AB are parties to (i) the Master Distributor Agreement, (ii) the Contract Brewing Agreement, (iii)

the Exchange and Recapitalization Agreement and (iv) a Registration Rights Agreement, whereby an Affiliate of AB may require CBA to register with the Securities and Exchange Commission the sale of CBA securities held by AB or its affiliates (the “Registration Rights Agreement” and, together with the Master Distribution Agreement, the Contract Brewing Agreement and the Exchange and Recapitalization Agreement, the “Additional Agreements”). No provision of this Agreement should be construed as affecting either Party’s rights or obligations under any of the Additional Agreements or any other agreement unless this Agreement specifically references such Additional Agreements or such other agreement with respect to such rights and obligations.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement by their representatives thereunto duly authorized.

ANHEUSER-BUSCH WORLDWIDE INVESTMENTS, LLC

By: /s/ Thomas Larson
Name: Thomas Larson
Title: Chairman of the Board, President and Secretary

By: /s/ Jeff Karrenbrock
Name: Jeff Karrenbrock
Title: Assistant Treasurer

CRAFT BREW ALLIANCE, INC.

By: /s/ Andrew J. Thomas
Name: Andrew J. Thomas
Title: Chief Executive Officer

[Signature Page to International Distribution Agreement]

PRODUCTS

Brand	Home	Beer	Packaging	Sub-Packaging	Commercial Description
Redhook	Seattle	Long Hammer	12 oz. bottles	4/6 pack	India Pale Ale
Redhook	Seattle	ESB	12 oz. bottles	4/6 pack	English Bitter
Widmer	Portland	Hefeweizen	12 oz. bottles	4/6 pack	Wheat
Kona	Kona Hawaii	Longboard	12 oz. bottles	4/6 pack	Island Lager
Kona	Kona Hawaii	Big Wave	12 oz. bottles	4/6 pack	Golden Ale
Omission	Portland	Lager	12 oz. bottles	4/6 pack	Lager Crafted to Remove Gluten
Omission	Portland	Pale Ale	12 oz. bottles	4/6 pack	Pale Ale Crafted to Remove Gluten

CONFIDENTIAL TREATMENT REQUESTED. Portions of this document have been redacted and have been separately filed with the Securities and Exchange Commission. The redacted portions are marked with "[***)" in this document.

EXISTING TERRITORIES

Territory	2016 Shipment Volume thru July in BBLs	2016 Benchmark Annual Volume in BBLs*
Australia	[***)	[***)
Caribbean	[***)	[***)
Canada	[***)	[***)
China	[***)	[***)
Denmark	[***)	[***)
Finland	[***)	[***)
Guam	[***)	[***)
Hong Kong	[***)	[***)
Iceland	[***)	[***)
Ireland	[***)	[***)
Italy	[***)	[***)
Japan	[***)	[***)
South Korea	[***)	[***)
Netherlands	[***)	[***)
Norway	[***)	[***)
Panama	[***)	[***)
Russia	[***)	[***)
Singapore	[***)	[***)
Sweden	[***)	[***)
Switzerland	[***)	[***)
Taiwan	[***)	[***)
Thailand	[***)	[***)
United Kingdom	[***)	[***)
Total	[***)	[***)

* The Existing Territories include all other countries in Europe and Asia. Benchmark Annual Volume for all other countries in Europe and Asia not listed above is 0.

INITIAL TERRITORIES

Mexico

Brazil

Chile

METHODOLOGY TO MODIFY EXPORT MANAGER FEE

For each Calendar Year during the Term beginning with Calendar Year 2018, the Export Manager Fee shall be recalculated (rounding to the nearest one one-hundredth of a cent) each January 1 to be an amount equal to $(M_{y-1}) * (1 + \text{GDP Price Deflator Increase})$, where (M_{y-1}) equals the Export Manager Fee in effect for the prior Calendar Year and the GDP Price Deflator Increase equals the increase in the GDP Price Deflator (as defined in this Agreement) as of such date as compared to the first day of the immediately preceding Calendar Year.

EXISTING TERRITORIES FOR INITIAL TRANSITION

None.

INITIAL PRODUCTS

Brand	Beer	Packaging	Sub-Packaging	Commercial Description
Redhook	Long Hammer	12 oz. bottles	4/6 pack	India Pale Ale
Redhook	ESB	12 oz. bottles	4/6 pack	English Bitter
Widmer	Hefeweizen	12 oz. bottles	4/6 pack	Wheat
Kona	Longboard	12 oz. bottles	4/6 pack	Island Lager
Kona	Big Wave	12 oz. bottles	4/6 pack	Golden Ale
Omission	Lager	12 oz. bottles	4/6 pack	Lager Crafted to Remove Gluten
Omission	Pale Ale	12 oz. bottles	4/6 pack	Pale Ale Crafted to Remove Gluten

LIENS

1. Amended and Restated Credit Agreement, dated as of November 30, 2015, among Craft Brew Alliance, Inc., the Subsidiaries of Craft Brew Alliance, Inc. party to thereto, and Bank of America, N.A.
-

LITIGATION

None.

August 23, 2016

Andrew J. Thomas
Chief Executive Officer
Craft Brew Alliance, Inc.
929 N. Russell St.
Portland, Oregon 97227

Re: Amended and Restated Master Distributor Agreement (the "Agreement") dated as of May 1, 2011 between Anheuser-Busch, LLC, as successor in interest to Anheuser-Busch, Incorporated ("ABI") and Craft Brew Alliance, Inc., formerly known as Craft Brewers Alliance, Inc. ("CBA")

Dear Mr. Thomas:

In connection with the entrance by CBA and ABI or certain of its Affiliates into that certain International Distribution Agreement on the date hereof, that certain Contract Brewing Agreement on the date hereof, and Amendment No. 1 on the date hereof to that certain Amended and Restated Exchange and Recapitalization Agreement, dated as of May 1, 2011, the parties have agreed to amend the Agreement to modify certain terms thereof. In consideration of the premises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree that, effective as of the date hereof, the Agreement will be amended as set forth below:

1. The definition of "Margin" set forth in Article I of the Agreement is hereby deleted in its entirety and replaced with the following:

"**Margin**" shall mean (i) from the Commencement Date until December 31, 2018, \$0.25 per case-equivalent (of 288 fluid ounces per case) for packaged or draft Product and (ii) from and after January 1, 2019 through the end of the Term, (A) so long as no Revocation Notice has been delivered by ABI prior to such date, \$0.25 per case-equivalent (of 288 fluid ounces per case) for packaged or draft Product and (B) from and after the first day of the calendar month following delivery of a Revocation Notice by ABI, \$0.75 per case-equivalent (of 288 fluid ounces per case) for packaged or draft Product.

2. The following definitions are hereby added to Article I of the Agreement in appropriate alphabetical order:

"**Base Amount**" shall mean the greater of (i) the amount of out-of-pocket expenses incurred by CBA for the sales and marketing of its Products in the Territory in the 2018 calendar year and (ii) the average of the amount of out-of-pocket expenses

incurred by CBA for the sales and marketing of its Products in the Territory in each of the 2016, 2017 and 2018 calendar years.

“Change of Control Event” shall mean (i) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), excluding for the avoidance of doubt ABI and its Affiliates except pursuant to a Qualifying Offer, becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an “option right”)), directly or indirectly, in one transaction or a series of related transactions (whether by merger, consolidation, business combination, acquisition, tender offer, exchange offer, amalgamation, equity investment, joint venture or otherwise), of 50% or more of the equity securities of CBA (or of the surviving entity in any merger, consolidation, share exchange or other business combination involving CBA or the resulting direct or indirect parent of CBA or such surviving entity) entitled to vote for members of the board of directors or equivalent governing body of CBA (or such surviving or parent entity) on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); (ii) a change in the composition of the board of directors of CBA during any period of twelve (12) consecutive months such that individuals who at the beginning of such period constituted the board of directors of CBA (together with any new directors whose election by the board of directors of CBA, or whose nomination for election by the shareholders of CBA, was approved by a vote of a majority of the directors of CBA then in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the board of directors of CBA then in office; or (iii) the acquisition by any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) in any manner (whether by disposition, lease, license, exchange or other transfer), in one transaction or a series of related transactions, of (A) 50% or more of the consolidated assets of CBA and its subsidiaries (based on the fair market value thereof), including through the acquisition of one or more subsidiaries of CBA owning such assets or (B) the Kona brand or any Intellectual Property rights, the disposition of which (without giving effect to any license back to CBA or its Affiliates) would result in CBA no longer being able to produce, manufacture, brew or distribute any Kona brand products (or products associated with any Kona sub-brand or brand extension).

“Consumer Price Index” shall mean the Consumer Price Index as published by the United States Department of Labor, Bureau of Labor Statistics or any substitute index hereafter adopted by the United States Department of Labor.

“Qualifying Offer” shall mean an offer or proposal made by ABI or one of its Affiliates for the acquisition in any manner, directly or indirectly, in one transaction or a series of related transactions, of all of the issued and outstanding shares of the common

stock, par value \$0.005 per share, of CBA (the "CBA Common Stock"), in each case (i) for an aggregate value of (A) from August 23, 2016 to August 23, 2017, not less than \$22.00 per share of CBA Common Stock, (B) from August 24, 2017 to August 23, 2018, not less than \$23.25 per share of CBA Common Stock and (C) from and after August 24, 2018, not less than \$24.50 per share of CBA Common Stock, in each case of clauses (A), (B) and (C), subject to adjustment for any reclassification, recapitalization, stock split (including a reverse stock split) or subdivision or combination, exchange or readjustment of the issued and outstanding shares of CBA Common Stock, (ii) on otherwise customary terms and conditions for a transaction of the type proposed by ABI or such Affiliate; provided that, such customary terms and conditions shall in no event include any reverse termination fee payable by ABI or any of its Affiliates, and (iii) which ABI or its applicable Affiliate indicates in writing it is ready and willing to enter into definitive documentation with respect thereto on such terms.

"**Reinvestment Amount**" shall mean, for any given calendar year from and after January 1, 2019, the aggregate amount equal to \$0.25 per case-equivalent (of 288 fluid ounces per case) for all packaged or draft Product distributed hereunder in such year; provided that, the Reinvestment Account shall cease to accrue (and shall not accrue for any subsequent calendar year) from and after the date a Revocation Notice is delivered by ABI.

"**U.S. Prime Rate**" shall mean the U.S. prime rate as in effect from time to time and published in the eastern edition of *The Wall Street Journal* or a comparable newspaper if *The Wall Street Journal* shall cease publishing the U.S. prime rate.

3. The following new Section 4.10 is hereby added to Article IV of the Agreement:

"4.10 In each calendar year beginning from and after January 1, 2019, CBA's out of pocket expenses for the sales and marketing of its Products in the Territory shall be no less than the sum of (i) the Reinvestment Amount accrued during such calendar year and (ii) the Base Amount, as such Base Amount shall be increased on an annual basis beginning January 1, 2019 by a percentage equal to the cumulative change in the average Consumer Price Index over the preceding year; provided that, at least 50% of the Reinvestment Amount each year (but in any event not less than the percentage equal to the proportion of (A) sales of Products made by CBA in the Territory in such year through ABI's wholly owned Alliance Wholesalers, to (B) total sales of Products made by CBA in the Territory in such year) (the "**WOD Reinvestment Amount**") shall be invested by CBA in the sales and marketing of its Products in the portion of the Territory in which ABI's wholly owned Alliance Wholesalers distribute the Products as of August 23, 2016 (it being understood that if ABI's wholly owned Alliance Wholesalers commence distributing the Products in any additional portions of the Territory, CBA shall be permitted to invest any portion of the WOD Reinvestment Amount in the sales and marketing of its Products in such additional portions of the Territory). At the reasonable request of ABI from time to time, CBA shall provide to ABI reasonably detailed documentation of the out-of-pocket sales and marketing expenses incurred by CBA in all

or any portion of the Territory in accordance with this Section 4.10, as well as CBA's expenditures for the sales and marketing of its Products in the Territory in each of the 2016, 2017 and 2018 calendar years."

4. The following new Section 7.04 is hereby added to Article VII of the Agreement:

"7.04 At any time following (i) a Change of Control Event (a) that occurs prior to August 23, 2019 or (b) that occurs following August 23, 2019 but definitive agreements for which were entered into by CBA prior to August 23, 2019 or (ii) if ABI or one of its Affiliates shall have made a Qualifying Offer to CBA, the earliest of (A) such time as CBA has indicated to ABI that it is not willing to enter into an agreement with ABI or such Affiliate on the terms and conditions proposed in such Qualifying Offer, (B) the consummation of the transaction underlying such Qualifying Offer and (C) 120 days following the receipt by CBA of such Qualifying Offer if the parties have not entered into definitive documentation with respect to thereto, ABI shall have the right to deliver written notice to CBA (the "**Revocation Notice**") of the reversion of the Margin definition and other provisions of this Agreement to the terms thereof in effect prior to the amendment of this Agreement pursuant to Amendment No. 3, dated as of August 23, 2016; provided that, (I) ABI's right to deliver such Revocation Notice pursuant to this clause (C) shall not be available to ABI if, during such 120 day period, ABI has not engaged, and CBA has engaged, in good faith and reasonable efforts to discuss and negotiate a definitive public company style transaction agreement with respect to such Qualifying Offer that satisfies the requirements of clauses (i) and (ii) of the definition thereof and (II) in the event of any good faith dispute between the parties as to whether (a) the Qualifying Offer made by ABI satisfies the requirements of clauses (i) and (ii) of the definition thereof or (b) ABI has engaged in good faith and reasonable efforts to discuss and negotiate a definitive agreement with respect to such Qualifying Offer, the right of ABI to deliver a Revocation Notice pursuant to this clause (C) shall not be available during the pendency of such dispute; provided, further, that if any such dispute is resolved in favor of ABI, within 30 days of the resolution thereof, CBA shall pay to ABI (x) the amount of any outside counsel fees reasonably incurred by ABI in contesting such dispute and (y) to the extent any portion of such period would follow December 31, 2018, with respect to all packaged or draft Product distributed by ABI under this Agreement after the date on which a Revocation Notice would have been delivered by ABI had ABI exercised its right to do so on the first date such right was available to it pursuant to this clause (C) (without giving effect to any proviso in this Section 7.04) (the "**Original Revocation Date**"), an aggregate amount equal to \$0.50 per case-equivalent (of 288 fluid ounces per case) for any such distributed Product, in each case of (x) and (y), together with interest accrued on such aggregate amount at the U.S. Prime Rate per month from the Original Revocation Date until the date such amount is paid in full to ABI; provided, further, that, if any such dispute is resolved in favor of CBA, within 30 days of the resolution thereof, ABI shall pay CBA the amount of any outside counsel fees reasonably incurred by CBA in contesting such dispute, together with interest accrued on such amount at the U.S. Prime Rate per month from the Original Revocation Date until the date such amount is paid in full to CBA."

5. The following proviso is hereby added to the end of the first paragraph of Section 11.03 of the Agreement, before the period at the end of such paragraph:

“; provided that the parties hereby affirm and formalize their previous agreement that the New Products set forth on Attachment F shall automatically be deemed Products for all purposes of this Agreement, without any additional actions on the part of CBA, in each case following such time as the parties are able to transition the distribution rights to such New Products and the territories in which such New Products are distributed to the Alliance Wholesalers hereunder and the portions of the Territory in which such Alliance Wholesalers are distributing Products, respectively.”

6. Attachment F hereto is hereby added as an attachment to the Agreement in appropriate alphabetical order.

7. ABI expressly waives its rights under Section 7.01 to deliver written notice to CBA on or prior to June 30, 2018 electing not to renew this Agreement and the parties hereby expressly agree that, following the expiration of the Initial Term, this Agreement shall automatically be renewed for the 10 year period ended December 31, 2028 as set forth in Section 7.01.

8. For all purposes of this amendment, except as otherwise defined or unless the context otherwise requires, terms used in capitalized form in this amendment and defined in the Agreement shall have the meanings specified in the Agreement.

9. Except as specifically amended herein, all other provisions of the Agreement shall remain in full force and effect. Articles XIX and XX and Sections 22.02, 22.03, 22.04, 22.06 and 22.07 of the Agreement shall apply to this amendment *mutatis mutandis*.

[Signature Page Follows]

Please indicate your agreement to the foregoing by executing and returning this letter agreement.

Very truly yours,

ANHEUSER-BUSCH, LLC

By: /s/ Thomas Larson
Name: Thomas Larson
Title: Secretary

By: /s/ Jeff Karrenbrock
Name: Jeff Karrenbrock
Title: Vice President, Controller and Assistant Treasurer

Accepted and agreed as of the date first above written:

CRAFT BREW ALLIANCE, INC.

By: /s/ Andrew J. Thomas
Name: Andrew J. Thomas
Title: Chief Executive Officer

[Signature Page to Amendment No. 3]

ATTACHMENT F

CERTAIN NEW PRODUCTS

1. Any Cisco Brewers Brands
2. Any Appalachian Mountain Brewery Brands

With respect to the foregoing, ABI and CBA agree to use commercially reasonable efforts to get such branded products fully activated as Products under this Agreement on a territory by territory basis in accordance with the proviso to the first paragraph of Section 11.03.

August 23, 2016

Andrew J. Thomas
Chief Executive Officer
Craft Brew Alliance, Inc.
929 N. Russell St.
Portland, Oregon 97227

Re: Amended and Restated Exchange and Recapitalization Agreement (the "Agreement") dated as of May 1, 2011 between Anheuser-Busch, LLC, as successor in interest to Anheuser-Busch, Incorporated ("ABI") and Craft Brew Alliance, Inc., formerly known as Craft Brewers Alliance, Inc. ("CBA")

Dear Mr. Thomas:

In connection with the entrance by CBA and ABI or its Affiliates into that certain International Distribution Agreement on the date hereof, that certain Contract Brewing Agreement on the date hereof, and Amendment No. 3 on the date hereof to that certain Amended and Restated Master Distributor Agreement, dated as of May 1, 2011, the parties have agreed to amend the Agreement to modify certain terms thereof. In consideration of the premises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree that, effective as of the date hereof, the Agreement will be amended as set forth below:

1. Section 2.1(i) of the Agreement is hereby amended and restated in its entirety as follows:

"DISTRIBUTION OF CBA PRODUCTS.

(i) Except as explicitly authorized by the CBA Distribution Agreement, CBA shall not distribute products in the Territory (as defined in the CBA Distribution Agreement) other than through ABI or other ABI wholesalers.

(ii) From and after the date on which a Revocation Notice is delivered by ABI to CBA pursuant to Section 2.1(i)(iii), if CBA desires to investigate the production, sale, distribution or licensing the production of any malt beverage product in any country outside the Territory, CBA shall notify ABI and shall provide ABI with all information reasonably requested by ABI in connection with such arrangement and shall otherwise comply with this Section 2.1(i)(ii). CBA shall give ABI a period of at least 90 days to make a proposal to CBA pursuant to which ABI would serve as a master distributor or brew the products in such country, and CBA shall not conduct negotiations or discussions with any other party during such 90-day period. Upon the end of such 90-day period, CBA shall be permitted to select any entity to brew or distribute the products of CBA in

any such country, except that CBA shall not be permitted to select an ABI Competitor or any Affiliate thereof for such purpose. If ABI has made a proposal to brew or distribute the product of CBA in any country, CBA shall not select any other entity without the approval of the Board of Directors.

(iii) At any time following (A) a Change of Control Event (x) that occurs prior to August 23, 2019 or (y) that occurs following August 23, 2019 but definitive agreements for which were entered into by CBA prior to August 23, 2019 or (B) if ABI or one of its Affiliates shall have made a Qualifying Offer to CBA, the earliest of (1) such time as CBA has indicated to ABI that it is not willing to enter into an agreement with ABI or such Affiliate on the terms and conditions proposed in such Qualifying Offer, (2) the consummation of the transaction underlying such Qualifying Offer and (3) 120 days following the receipt by CBA of such Qualifying Offer, if the parties have not entered into definitive documentation with respect thereto, ABI shall have the right to deliver written notice to CBA (the “**Revocation Notice**”) of the reversion of this Section 2.1(i) to the terms hereof in effect prior to the amendment of this Agreement pursuant to Amendment No. 1, dated as of August 23, 2016; provided that, (I) ABI’s right to deliver a Revocation Notice pursuant to this clause (3) shall not be available to ABI if, during such 120-day period, ABI has not engaged, and CBA has engaged, in good faith and reasonable efforts to discuss and negotiate a definitive public company style transaction agreement with respect to such Qualifying Offer that satisfies the requirements of clauses (i) and (ii) of the definition thereof and (II) in the event of any good faith dispute between the parties as to whether (a) the Qualifying Offer made by ABI satisfies the requirements of clauses (i) and (ii) of the definition thereof or (b) ABI has engaged in good faith and reasonable efforts to discuss and negotiate a definitive agreement with respect to such Qualifying Offer, the right of ABI to deliver a Revocation Notice pursuant to this clause (3) shall not be available during the pendency of such dispute; provided, further, that if any such dispute is resolved in favor of ABI, within 30 days of the resolution thereof, CBA shall pay to ABI the amount of any outside counsel fees reasonably incurred by ABI in contesting such dispute, together with interest accrued on such amount at the U.S. Prime Rate per month from the date the Revocation Notice would have been delivered by ABI had ABI exercised its right to do so on the first date such right was available to ABI (without giving effect to any proviso in this Section 2.1(i)(iii)) (the “**Original Revocation Date**”), until the date such amount is paid in full to ABI; provided, further, that, if any such dispute is resolved in favor of CBA, within 30 days of the resolution thereof, ABI shall pay CBA the amount of any outside counsel fees reasonably incurred by CBA in contesting such dispute, together with interest accrued on such amount at the U.S. Prime Rate per month from the Original Revocation Date until the date such amount is paid in full to CBA.”

2. The following definitions are hereby added to Article I of the Agreement in appropriate alphabetical order:

“**Change of Control Event**” shall mean (i) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act), excluding for

the avoidance of doubt, ABI and its Affiliates except pursuant to a Qualifying Offer, becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an “option right”)), directly or indirectly, in one transaction or a series of related transactions (whether by merger, consolidation, business combination, acquisition, tender offer, exchange offer, amalgamation, equity investment, joint venture or otherwise), of 50% or more of the equity securities of CBA (or of the surviving entity in any merger, consolidation, share exchange or other business combination involving CBA or the resulting direct or indirect parent of CBA or such surviving entity) entitled to vote for members of the board of directors or equivalent governing body of CBA (or such surviving or parent entity) on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); (ii) a change in the composition of the board of directors of CBA during any period of 12 consecutive months such that individuals who at the beginning of such period constituted the board of directors of CBA (together with any new directors whose election by the board of directors of CBA, or whose nomination for election by the shareholders of CBA, was approved by a vote of a majority of the directors of CBA then in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the board of directors of CBA then in office; or (iii) the acquisition by any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act) in any manner (whether by disposition, lease, license, exchange or other transfer), in one transaction or a series of related transactions, of (A) 50% or more of the consolidated assets of CBA and its Subsidiaries (based on the fair market value thereof), including through the acquisition of one or more Subsidiaries of CBA owning such assets or (B) the Kona brand or any Intellectual Property Rights, the disposition of which (without giving effect to any license back to CBA or its Affiliates) would result in CBA no longer being able to produce, manufacture, brew or distribute any Kona brand products (or products associated with any Kona sub-brand or brand extension).

“**Qualifying Offer**” shall mean an offer or proposal made by ABI or one of its Affiliates for the acquisition in any manner, directly or indirectly, in one transaction or a series of related transactions, of all of the issued and outstanding shares of Common Stock, in each case (i) for an aggregate value of (A) from August 23, 2016 to August 23, 2017, not less than \$22.00 per share of Common Stock, (B) from August 24, 2017 to August 23, 2018, not less than \$23.25 per share of Common Stock and (C) from and after August 24, 2018, not less than \$24.50 per share of Common Stock, in each case of clauses (A), (B) and (C), subject to adjustment for any reclassification, recapitalization, stock split (including a reverse stock split) or subdivision or combination, exchange or readjustment of the issued and outstanding shares of Common Stock, (ii) on otherwise customary terms and conditions for a transaction of the type proposed by ABI or such Affiliate; provided that, such customary terms and conditions shall in no event include any reverse termination fee payable by ABI or any of its Affiliates, and (iii) which ABI or

its applicable Affiliate indicates in writing it is ready and willing to enter into definitive documentation with respect thereto on such terms.

“**U.S. Prime Rate**” shall mean the U.S. prime rate as in effect from time to time and published in the eastern edition of *The Wall Street Journal* or a comparable newspaper if *The Wall Street Journal* shall cease publishing the U.S. prime rate.

3. For all purposes of this amendment, except as otherwise defined or unless the context otherwise requires, terms used in capitalized form in this amendment and defined in the Agreement shall have the meanings specified in the Agreement.

4. Except as specifically amended herein, all other provisions of the Agreement shall remain in full force and effect. Sections 3.1, 3.2, 3.3, 3.4, 3.6, 3.8 and 3.9 of the Agreement shall apply to this amendment *mutatis mutandis*.

[Signature Page Follows]

Please indicate your agreement to the foregoing by executing and returning this letter agreement.

Very truly yours,

ANHEUSER-BUSCH, LLC

By: /s/ Thomas Larson
Name: Thomas Larson
Title: Secretary

By: /s/ Jeff Karrenbrock
Name: Jeff Karrenbrock
Title: Vice President, Controller and Assistant Treasurer

Accepted and agreed as of the date first above written:

CRAFT BREW ALLIANCE, INC.

By: /s/ Andrew J. Thomas
Name: Andrew J. Thomas
Title: Chief Executive Officer

[Signature Page to Amendment No. 1]



CRAFT BREW ALLIANCE AND ANHEUSER-BUSCH ANNOUNCE NEW AND ENHANCED COMMERCIAL AGREEMENTS

Agreements Support Continued Distribution Growth, Brewery Optimization, and International Expansion for CBA's Portfolio

Portland, OR and St. Louis, MO - (Aug. 23, 2016) – Craft Brew Alliance, Inc. (CBA) (Nasdaq: BREW) and Anheuser-Busch (AB) announced today a series of new commercial agreements that expand and strengthen the companies' long-term relationship and create new growth opportunities for both companies. The agreements include an amended and extended master distribution agreement, a new contract brewing arrangement, and a new international distribution agreement.

Through the agreements, AB will provide additional support and committed resources to accelerate CBA's growth strategy, which includes: strengthening its distinctive portfolio of craft brands; maximizing the potential of Kona Brewing Co. as one of the fastest-growing American craft brands; and optimizing CBA's brewing footprint to drive gross margin expansion and deliver its craft beers to more beer lovers in the U.S. and around the world.

Agreement Highlights

1. Master Distributor Agreement

CBA and AB have extended the current fee structure of their existing Master Distributor Agreement for 10 additional years, through 2028. The amended agreement secures CBA's brands in the industry's strongest wholesaler network, enabling continued investment in brand growth and strategic partnerships, such as Appalachian Mountain Brewery and Cisco Brewers.

2. Contract Brewing Agreement

Under the terms of a new contract brewing arrangement, CBA and AB will work together to transition up to 300,000 barrels of volume into AB's state-of-the-art breweries. This agreement will directly support CBA's ongoing brewery footprint optimization and enable both companies to realize additional operational efficiencies.

3. International Distribution Agreement

AB will support the expansion of CBA's portfolio of brands globally through a new international distribution agreement. This agreement builds on CBA's recent distribution arrangements with AB, which launched Kona in Brazil and Mexico, and creates opportunities to accelerate the growth of CBA's craft portfolio in additional international markets.

Commenting on the new agreements, Andy Thomas, CEO of CBA said: *"We are proud of our long-standing relationship with AB and have always been candid about the competitive advantage of our distribution arrangement, which allows CBA to independently manage our brands and still enjoy the benefits of being a valued part of AB's exceptional wholesaler network. As both of our companies evolved over the past 18 months, it became clear that our strategic focus and commitment to the growth of craft beer were increasingly more aligned, and we started to explore ways to collaborate more closely. We're excited to build on this partnership and look forward to the financial and operational benefits, which will positively impact our top and bottom line."*

Felipe Szpigel, president, The High End, Anheuser-Busch, added: *"We have deep respect for CBA and these agreements represent a natural progression of our relationship with them. As a company, we believe in brewing amazing beers and elevating the sophistication of beer and the category as a whole. CBA shares these beliefs and today's announcement will help bring CBA's impressive portfolio of craft brands to more beer lovers in the U.S. and around the world. We will support the growth of CBA's brands and create new opportunities for both companies through our unparalleled network of U.S. wholesaler partners, dedication to quality through our industry-leading breweries and international reach."*

CBA will be expected to gain significant financial benefits from these commercial agreements that will allow the company to continue investing in its growth strategy and increase its sales and marketing spend behind its brands. As a major CBA shareholder, AB is positioned to benefit directly from those gains, along with the expected new opportunities the agreements create for its international distribution system, U.S. wholesaler partners, and breweries.

CBA and AB will work together over the coming months to implement the brewing and international distribution aspects of these agreements.

CBA will hold a conference call today, Tuesday, August 23, 2016 at 2:15 p.m. *PDT* (5:15 p.m. *EDT*) to provide additional details of the agreements.

The public is invited to listen to a live webcast of the conference call on the Investors section of CBA's website at www.craftbrew.com. Approximately two hours following the conference call, an archived webcast will be available at the same site and will remain available for at least 90 days.

Interested parties may participate in the live conference via telephone by dialing **(877) 797-0723** if calling from within the United States, or (615) 247-0220 from outside the United States, and entering the access code **7070 0480**. An audio replay of the conference call will be available approximately two hours after the conclusion of the call. The audio replay will remain available for seven days and is accessible by dialing **(855) 859-2056** or (404) 537-3406 and entering the code: **7070 0480**.

Goldman Sachs acted as financial advisor to CBA, and Wachtell, Lipton, Rosen & Katz served as legal counsel.

Forward-Looking Statements

Statements made in this press release that state CBA's or its management's intentions, hopes, beliefs, expectations or predictions of the future, including anticipated financial and operational benefits, are forward-looking statements. It is important to note that the actual results could differ materially from those projected in such forward-looking statements. Additional information concerning factors and risks that could cause actual results to differ materially from those in the forward-looking statements is contained from time to time in CBA's filings with the U.S. Securities and Exchange Commission (the "SEC"), including, but not limited to, its Annual Report on Form 10-K for the year ended December 31, 2015 and in subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. 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. We are 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 approximately 30 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.

About Anheuser-Busch

For more than 160 years, Anheuser-Busch and its world-class brewmasters have carried on a legacy of brewing America's most-popular beers. Starting with the finest ingredients sourced from Anheuser-Busch's family of growers, every batch is crafted using the same exacting standards and time-honored traditions passed down through generations of proud Anheuser-Busch brewmasters and employees. Anheuser-Busch owns and operates 19 breweries, 21 distributorships and 22 agricultural and packaging facilities, employing more than 16,000 people across the United States. For more information, visit www.anheuser-busch.com.

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Craft Brew Alliance and Anheuser-Busch InBev Commercial Agreement Conference Call. (Operator Instructions) As a reminder, this conference may be recorded.

I would like to introduce your host for today's conference, Mr. Andy Thomas, CEO. Sir, please go ahead.

Andy Thomas - Craft Brew Alliance, Inc. - CEO

Thank you, Michelle, and good afternoon, everyone. Before I ask Ed Smith, our Director of Investor Relations, to read our Safe Harbor statement, I'd like to start by thanking you all for being available on short notice to join this call. It's an exciting and historic day for CBA, and I'm eager to share with you details of today's announced agreements with ABI. But first, on to Ed.

Edwin Smith - Craft Brew Alliance, Inc. - Director of I.R.

Thank you, Andy. As a reminder, this call may contain forward-looking statements. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially from those described in any such forward-looking statements. The Risk Factors section in our most recent 10-K lists some of the factors that could cause Craft Brew's actual results to differ materially from the forward-looking statements made on this call. Craft Brew undertakes no obligation to update publicly any forward-looking statements except as required by law.

Additionally, the descriptions of the referenced agreements contained in this call may not be complete and are qualified in their entirety by reference to the full text of the referenced agreements. Copies of which will be attached to CBA's Form 8-K filing. Andy?

Andy Thomas - Craft Brew Alliance, Inc. - CEO

Thanks, Ed. While there's little customary about today's call, what is customary is that this call is not a one-person show. This afternoon, I'm again joined by members of the CBA leadership team. Our three regular call presenters, our CMO, Ken Kunze; our COO, Scott Mennen; and our CFO, Joe Vanderstelt; as well as John Glick, our Vice President of Emerging Business.

I'll take 15 to 20 minutes to walk through some prepared remarks that detail today's announcement and then open the call to questions. The team is at the ready to jump in as needed during the Q&A.

It's a well-known adage that timing is everything, so in a sense, it's fitting that we're making this announcement today, just months into the emergence of tangible evidence that the Kona Plus strategy for CBA is working and just weeks after posting a record quarter across the board, both milestones on our journey in realizing the CBA of tomorrow. We believe that the timing of this exciting announcement significantly accelerates our momentum.

Less than two hours ago, we announced a series of new and enhanced commercial agreements with our distribution partner and largest shareholder, Anheuser-Busch. These agreements represent a progressive but natural evolution of the relationship between CBA and ABI that secures and builds upon what I publicly and proudly stated repeatedly is one of CBA's greatest strategic advantages. Our partnership with arguably the best beer distribution network in the world, the AB wholesaler network.

To be crystal clear, this new relationship will bring both immediate short-term value to virtually all CBA stakeholders from shareholders to wholesalers to partners to employees and is expected to provide real long-term value and opportunity through direct support of our strategic development and by providing a level of clarity and certainty to our future, the latter point being in a special rarity in today's speculation fueled marketplace.

Collectively, this new arrangement is largely unprecedented. From the deliberate balance between collaboration and independence to the comprehensive reach of the agreements, both geographically and temporally to the mutual nature of the benefits derived. So over the course of the next 15 minutes, I'll break down the major highlights of these agreements while tallying the quantifiable financial benefits of each. And I'll close by candidly discussing the future and connecting a few dots.

Let's start by taking a holistic view. As a result of these agreements, CBA will firstly realize an anticipated annualized financial benefit of more than \$10 million a year through the next decade. Funds that can be used simultaneously to enhance CBA profitability to fuel our top line and to further unleash our growth strategy through investments in our brands, our people and our partners. Secondly, eliminate the uncertainty regarding renewal of our master distributor agreement with ABI and eliminate the significant per-case distribution fee increase beginning in 2019 associated with that uncertainty. Thirdly, enhance gross margin by reducing overall cost per barrel while simultaneously freeing up capacity within our own brewing network to enable continued expansion with strategic partner brands such as AMB and Cisco. Fourthly, significantly bolster international development opportunities by augmenting our existing efforts without sacrificing profitability or flexibility and without ceding brand rights. And lastly, provide a degree of clarity regarding our options in the future in terms of the expected value of our international development, in terms of the potential and minimum transaction value to CBA shareholders in a deal with ABI and in terms of providing for the security of route to market as an independent brewer.

Let's break it down. There are four pillars to this arrangement. Three separate agreements, all of which will be filed with the SEC later this week. Firstly, an amended master distributor agreement; secondly, a contract brewing agreement; and thirdly, an international distribution agreement. And a fourth pillar, embodied in the agreements, a principled framework to the future.

Let's start with the first pillar, the amended master distributor agreement. As it's a widely known matter of public record, ABI is already CBA's master distributor, with that status governed by a master distributor agreement last materially amended in 2011. On the terms of the existing agreement, the master distributor arrangement was subject to renewal at ABI's unilateral discretion in December 2018. Further, under the terms of the most recent agreement, upon ABI's renewal, master distribution fees per equivalized case of volume would have tripled from \$0.25 per equivalized case to \$0.75 per equivalized case.

Under the terms of this new amended distribution agreement, ABI will remain CBA's master distributor through 2028, with distribution fees remaining at the current level of \$0.25 per case through that entire duration. So in addition to the certainty of route to market as an allied brand in a world class Anheuser-Busch wholesaler network, quantifiable financial benefit number one is clear. Assuming volumes in excess of today's approximately 11 million equivalent cases, this amendment represents an estimated savings to CBA of nearly \$6 million per year beginning in 2019 and escalating with volume growth through 2028.

Further, starting in 2019, the agreement commits CBA to a reinvestment of half of these savings into the Kona Plus strategy in key strategic markets. Clearly, extension of the MDA, elimination of the fee cliff and reinvestment of the savings represents a mutual agreement for CBA, for ABIs and for the ABI wholesaler network.

Onto the second pillar, the contract brewing arrangement. On the terms of this totally new agreement, CBA will have the opportunity to brew up to 300,000 barrels of beer within ABI's state-of-the-art brewing network at a cost savings of no less than \$10 per barrel on an aggregate basis as compared to CBA's current cost base. This simply translates into quantifiable financial benefit number two, 300,000 barrels and \$10 per barrel or \$3 million in savings per year once fully operationalized. Additionally, both CBA and ABI have committed to exploring further supply chain synergies as together we create more combined critical mass moving from common source brewery to common wholesaler.

The contract brewing arrangement represents a further mutual win for CBA and ABI as ABI -- CBA significantly lowers its cost base, continues to have direct oversight of the brewing of its beers and is able to maintain the highest levels of quality. Simultaneously, CBA frees up its own brewing capacity, enabling further partner brand development without the need for significant capital expenditures. ABI expects to realize synergies and leverage brewery and supply chain capital enhancements that they have already made in pursuit of their own craft brewing strategy.

Work has already commenced to identify brewers and breweries involved, and we anticipate up to 18 months before commencing to realize the full annualized benefit. Further, we anticipate no impact on existing capital projects and confirm that work will continue on the Portland brewery expansion and the state-of-the-art Kona brewery in Hawaii. As with all matters, we will update guidance accordingly as plans become more concrete.

Onto the third major pillar, international distribution. On the terms of this entirely new arrangement, ABI has been awarded the exclusive right to distribute CBA's portfolio in all countries not currently covered by existing international distribution agreements with our current export partner, Craft Can Travel. While providing for the

possibility of transitioning markets in the future, this agreement focuses on new larger markets such as Mexico, Brazil and Chile, where ABI can work through its existing local infrastructure.

Looking at the financials here, CBA will manage the export of products from the U.S., and ABI will pay CBA an international distribution royalty fee between \$30 and \$40 per barrel in addition to ABI's payment of production and material costs as well as reimbursement of CBA's out-of-pocket shipping and export costs. And to be clear, based on benchmarking, we believe the royalty level is highly competitive as it only represents the value of distribution rights for ABI with CBA maintaining brand ownership and commensurate brand rights in those markets.

Acknowledging the often erratic development time line for international brands, the fledgling nature of the American craft beer market abroad and the need for patient, deliberate brand and market plans to be created and executed, CBA and ABI have agreed to a series of fixed incremental international payments through 2018 before moving to the straight per barrel royalty structure in 2019.

So in terms of quantifiable financial benefit number three, CBA will receive a fixed international payment above and beyond the normal proceeds from their ABI-related international business of \$3 million in 2016, \$5 million for 2017 and \$6 million for 2018. As an added incentive for international volume development, ABI will pay CBA a further \$20 million international incentive payment in 2019, more to come on that in a moment.

Through implementation of this agreement, we believe the mutual benefits are clear to both CBA and ABI. CBA benefits from increased international exposure and development in large, highly attractive craft developing global beer markets where local players have significant scale. ABI is able to augment and strengthen its portfolio of American craft beers with Kona. And our existing partner, CCT benefits for maintaining existing markets and from increased scale for international and commercial efforts.

The fourth pillar addresses the future. Despite speculations to the contrary, both ABI and CBA have agreed that today focused but collaborative independence is best for both parties. However, neither CBA nor ABI are blind to the forces that play in the market around us. And we believe that it is in the best interest of our respective stakeholders to contemplate that future today by at least putting in place some guardrails and a framework for options that could develop.

As a result, CBA and ABI have agreed to the following principles, which are tangibly embodied in all agreements and culminating in the conditions surrounding the \$20 million international incentive payment that I alluded to earlier. Firstly, the parties acknowledge that there is substantial, real, medium and long-term work to be done over the next three years involved in developing international markets, realizing brewing and supply chain synergies and working to bring our Kona Plus strategy to life within the AB wholesaler network. And as such, both ABI and CBA understand that both parties should have more proverbial skin in the game during that time and both parties should have some level of protection for their share and stakeholders in the event that their individual interest diverge.

So for the period between now and 2019, for CBA's protection, ABI had committed to the fixed incremental international royalty payments discussed earlier and to supporting the transition of the 300,000 barrels into their brewery and supply chain infrastructure.

Further, ABI has agreed that they will not terminate these agreements unless they were to make what is called a qualifying offer and CBA were to reject that offer. A qualifying offer is defined as an offer to acquire CBA for a minimum price of \$22 per share during the first 12 months of the agreement, a minimum of \$23.25 per share if the offer were made during the second 12 months of the agreement and a minimum of \$24.50 per share if the offer were made during the third year of the agreement or after.

For ABI's protection, again, for the period between now and 2019, were CBA to reject the qualifying offer as described above or CBA to undergo a change in control involving someone other than ABI prior to 2019. ABI would have the option to reconsider any of these new agreements. Further, ABI has the right to terminate the international distribution agreement if CBA would reject the qualifying offer from ABI. In which case, CBA would also forfeit the \$20 million international incentive payment.

For the period 2019 through the end of the agreements almost 10 years later, for CBA's protection, if ABI has not made a qualifying offer by 2019, then CBA would be entitled to a \$20 million international incentive and ABI could not force the termination of any of these new agreements.

Further, again, if ABI has not made a qualifying offer, CBA could continue to operate independently or could then undergo a change in control and in either event, ABI would still be required to respect the terms of all agreements, including payment of the \$20 million international incentive, continuation of the master distribution agreement at \$0.25 per case, continuation of the international distribution agreement and fulfillment of the contract brewing agreement.

So anticipated quantifiable financial benefit number four is then a \$20 million international incentive payment payable in 2019 or the less easy-to-quantify benefit of knowing that any offer made by ABI over the next three years must be at a minimum of \$22 per share through August 2017 escalating to \$24.50 per share after August 2018.

For obvious reasons, it's imperative to clearly state that ABI has no obligation to acquire CBA. And CBA has no obligation to accept any offer made by ABI. Further, as a publicly traded company governed by an independent Board of Directors, CBA's board would always be mindful of fiduciary responsibility to all shareholders and responsibly exercising business judgment in their consideration of any offer, be that a qualifying offer from ABI or an offer from any other party.

And for the record, it is also pertinent to note that ABI is not increasing their ownership stake in CBA and ABI is not gaining any additional influence in CBA's decision-making or with respect to CBA's independence and autonomy. ABI will continue to hold 31.6% of CBA stock based on today's shares outstanding, and we'll continue to have the right to two seats on our eight-member Board of Directors.

In virtually all of CBA's recent quarterly calls, I've invoked the three tenets of our strategy to gauge our progress. One, to strengthen the top line; two, to improve the core health of our business model; and three, to actualize the future. It is energizing that our new relationship with ABI is well tailored to support all three.

To support strengthening the top line, these agreements eliminate any uncertainty regarding the consistency of our route to market. They support top line growth in international markets. They enable additional emerging partner brands and they enable investment in our Kona Plus strategy in our brands, our partners and our people.

To support improving the core health of our business model, these agreements directly and significantly lower our cost base. They enhance our margin through elimination of the distribution fee cliff and they allow us to strategically deploy our capital in areas other than exclusively for capacity expansion.

And to support actualizing the future, these agreements provide a level of clarity and protection for the future of CBA and our partners. So there you have it. An agreement that moves us a sizable leap forward to realizing the CBA of tomorrow, that supports our core strategies through three separate agreements and that provides guardrails and a framework for the future. All in a progressive way that balances collaboration with independence and delivers a host of mutual benefit across the board.

On behalf of the entire CBA leadership team, I'm confident that we will accelerate meaningful growth in shareholder value through the increased financial benefits for today and through enabled investment tomorrow that will deliver sustainable improvements for all of our stakeholders, from founders to employees to partners to wholesalers and beyond.

In addition to my customary thanks to all of you, and to all of our hardworking, accountable engaged employees and partners, I'd like to end with a special thanks to several individuals without whom these agreements would not be a reality. Here at CBA, those people include John Glick, our VP of Emerging Business; Joe Vanderstelt, our CFO; Marcus Reed, our General Counsel; our Board Chair, Dave Lord; and his fellow board member, Marc Cramer. As well as our external advisers, Goldman Sachs and Wachtell, Lipton, Rosen & Katz. And on the ABI side, I'd like to thank both Joao Castro Neves and Felipe Szpigel for their commitment to this relationship and their deft leadership throughout the process. It's a very good day for everybody at CBA and the future is brighter and more exciting than ever.

And with that, I will open it up for questions. Michelle?

QUESTION AND ANSWER

Operator

(Operator Instructions) Our first question comes from the line of Vivien Azer with Cowen and Company. Your line is open. Please go ahead.

Vivien Azer - Cowen and Company - Analyst

Hi, good afternoon. Congratulations. This is very exciting. I'm sure a lot of hard work went into this. So maybe I'll just start, Andy, please with kind of a higher level strategic question. So 300,000 barrels is quite a lot and so how does this change your thinking around strategic partnership? Your balance sheet is very clean. Are you continuing to kind of chug along the path of true partnerships and that [ultimately leading to] proprietorship model? Or do you think there is more of an opportunity for M&A going forward now?

Andy Thomas - Craft Brew Alliance, Inc. - CEO

Yes, it's a great question, Vivien. So thanks for the congratulations and acknowledgment. The team did a great job over the last month negotiating this, and we're really, really proud of the agreement we've crafted. And I think -- in a word, I think this opens up some opportunities for us. So 300,000 barrels is a lot, but -- and Scott can jump in and comment on what it looks like for us in terms of our overall capacity outlook, but we will transition out of Memphis now. Scott has always said that Memphis was a bridge to the future and so the first thing is that 300,000 barrels is probably more like 200,000 because a 100,000 will come out of Memphis.

So with respect to the core of your question, I think it enables us to think a little bit more boldly about our partnerships, be that in terms of the size and scale that we can consume or that we could stomach or in terms of whether we structure them as all props or whether or not we actually take a look at M&A activity. I don't think the market's getting -- is getting maybe a little bit less frothy and maybe multiples are coming down a little bit. But one of the things that's embodied in that fourth pillar about the future was a lot of the conversations we had with ABI about the future, acknowledging that the market's pretty dynamic.

So I think this opens up opportunities for us. I think it does allow us to be bolder in our plus part of the Kona Plus strategy, and I think exactly what that looks like. We're going to spend some time taking a look at different scenarios before we give a little bit too much information there.

Vivien Azer - Cowen and Company - Analyst

That's totally fair. And Scott, if you want to offer some context, I think, that would probably be helpful certainly to me and maybe everyone else on the call on the manufacturing footprint on a go-forward basis.

Scott Mennen - Craft Brew Alliance, Inc. - COO

Okay. Yes, good afternoon, Vivien. As we've always said and Andy alluded to, we've termed Memphis as a bridge to the future. Our future is a little bit brighter right now, a little bit more to understand. So over the next 18 months, the team will be working to transition volume around our brand footprint, which is now expanded to include our relationship with Anheuser-Busch. Obviously, some of the first volume to move would be Memphis and then from there, we will look at what is the best opportunities to balance our production across our own breweries, which are Portsmouth and at this point in time, we're really talking about Portland and to our new relationship with AB [and those] breweries and making sure that we're getting the most value out of how we're brewing our beers, making sure we're brewing the right beers in the right breweries closer to our consumers and that enables us to really look at what we do with that capacity that's left working with our partners such as AMB and Cisco and any new partnerships that may come down the road. So it really opens the door for us to better balance our production, lower our cost structure and as Andy talks about actualize the future in a more efficient way.

Vivien Azer - Cowen and Company - Analyst

That's really helpful. Thank you. And then maybe, Scott, a follow-up for you and/or Joe, how do we think about kind of the phasing of that and the build of safety thought, which I'm sure you guys are going to do just in terms of driving potentially some lumpiness in the quarterly results.

Andy Thomas - Craft Brew Alliance, Inc. - CEO

Yes, so go ahead, Scott.

Scott Mennen - Craft Brew Alliance, Inc. - COO

No, I think there's a lot of details we still have to work out there and in upcoming calls, we will give you more guidance on that. This is relatively new to us. There's a lot of thinking and a lot of negotiations come -- going on up to this point. Now we have to get down to the brass tacks and get the work done and how we get the phasing done, when do we get the phasing and how we move the volume around our breweries to be as smooth as possible but to say what it looks like moving forward at this point in time, I don't know if we're in a position to do that.

Joe Vanderstelt - Craft Brew Alliance, Inc. - CFO

Hi, Vivien. This is Joe. You have to press Scott pretty hard just trying to find out when you're going to move the volumes. I think that ideally what we've talked about is hopefully sometime in the latter part of the year where maybe we can get half of the volume moved in the latter part of 2017, and as Scott said, we have a lot of planning to do and it will be a progression.

Scott Mennen - Craft Brew Alliance, Inc. - COO

I really see the first the volume happening in late Q1, Q2 and then transitioning throughout 2017 until we get the maximum benefits. So '17 is going to be a transition year. There is just a lot of moving pieces that we've got to contemplate, qualifications of beers, getting breweries to accept the brands we're talking about.

It's a lot of work. Work that we've done some with Memphis. It's great working with Anheuser-Busch and the partners there and the technology and capabilities they have in their breweries, I expect it to go very well. It's just going to take some time to work through the details.

Joe Vanderstelt - Craft Brew Alliance, Inc. - CFO

And Vivien, one point just to offer and for everybody who kind of is listening, Anheuser-Busch is brewery network as a contract partner of ours. And Memphis are kind of two very different things. If you look at the capabilities that ABI has in their brewery network and the investments they have made behind their own craft strategy, we have a lot more options available to us, so I think we want to make sure that we're thoughtful and deliberate in taking a look at what breweries in what locations, what styles of beer, what brands, what batch sizes, so Scott and his team, as if they don't have enough to do already, are up to their ears taking a look at working through some scenarios. And again, the beauty of this whole arrangement and it manifests itself literally in every single agreement, is this benefits for both sides in it. So both parties are really committed to it because as we do that, it actually helps ABI to drive some synergies and leverage some of the investments they've made too. So I think a lot of good things to come, but I would really hazard not to jump too quickly in one direction versus the other until we've had some time to work it through.

Vivien Azer - Cowen and Company - Analyst

That's totally fair and I appreciate that and you guys do really have a lot of work ahead of you, and I look forward to be getting more clarity as we go forward so that we can model it appropriately.

I just have one last question please. In terms of the mandated reinvestment, that's part of the updated master distributor agreement. Is that -- is that specifically targeted at certain brands in the portfolio? Is it broadly for Kona Plus? So just how do I think about that broad brush strokes, please?

Andy Thomas - Craft Brew Alliance, Inc. - CEO

Yes. So in a broad brush -- so if you think about it in simple terms, the fee cliff is going away, so there's \$0.50 of value there. \$0.25 of that \$0.50 or half of it will get reinvested in the markets in what we term as strategic markets; and in terms of what brand and exactly what that looks like, those are plans that we would look at as we get closer to 2019. It will be more of a dimmer, I would say, than a light switch also, because we want to make sure that we're not just kind holding back waiting to do that. It's just is out there a little bit to say we expect one of the big benefits of this to be continued reinvestment in our strategy and that just allows us and Anheuser-Busch and the Anheuser-Busch wholesaler network the satisfaction and the security of knowing that we're not just going to drop everything to the bottom line, we're going to use it to continue to fuel the engine going forward.

So specific brands and specific markets, I think there's more to come on, but the overall amount you can think of it in your models in terms of half of that fee cliff elimination.

Vivien Azer - Cowen and Company - Analyst

Terrific. That's it for me. Thanks a bunch, guys.

Operator

And our next question comes from the line of Tony Brenner with ROTH Capital Partners.

Tony Brenner - ROTH Capital Partners - Analyst

Thank you. That's an awful lot of information, Andy, to swallow. One question.

Andy Thomas - Craft Brew Alliance, Inc. - CEO

Are you saying we give you too much information, Tony? I think that's the first time you ever said that.

Tony Brenner - ROTH Capital Partners - Analyst

No, I would never say that. One question on international. What are the terms of your agreement with your existing distributor in every country but Brazil?

Andy Thomas - Craft Brew Alliance, Inc. - CEO

Yes, so the relationship we have with CCT gives Maarten, who's the principal at CCT at Craft Can Travel, the rights to find local importers and agents in a series of markets defined in Europe and Asia largely right now. So those agreements remain and what this agreement contemplates is in markets that aren't currently penetrated, we would work with ABI to start to commercialize those markets and a lot of those are largely, at least initially, probably in South America and in that hemisphere.

And if you kind of think about it, Tony, you can think about ABI having existing infrastructure in large markets where they're either largely duopolistic or monopolistic markets such as Brazil or Mexico, those players. Where Maarten has basically with CCT been able to get the brands in places where the market tends to be a little bit more open. So by virtue of that fact, those markets are probably less attractive, if you will, to kind of the local infrastructure.

So initially, we'll go after these incremental markets and the agreement does contemplate that we would look at transition down the road and that we would have some arm's length conversations between all parties if there were an opportunity to transition the brand.

Tony Brenner - ROTH Capital Partners - Analyst

How long is that road?

Andy Thomas - Craft Brew Alliance, Inc. - CEO

It's a good question, Tony. I'll harken back to my Heineken days. I spent a better part of five years working on international markets. I think in all fairness, you need to give at least a three-year run room for a brand to start to get some sustainable growth. And that three-year isn't an accident that the fixed international payments for over a three-year period too. Because I think at least from my experience and I think in a lot of ways, we had a meeting of the minds with ABI from their experience, if you burden the model too quickly with getting a quick payback, you might do something that shortsighted.

So how long is the road? I would tell you that think most markets should become self-sustaining and kind of profitable on their own and this is based on my prior experience over a three- to four-year horizon.

Tony Brenner - ROTH Capital Partners - Analyst

Okay. No what I meant was does your agreement with CCT have a timeframe?

Andy Thomas - Craft Brew Alliance, Inc. - CEO

No. I think those will be pragmatic about, Tony, in terms of taking a look at when it makes sense to have the conversations. Some countries might pop up earlier than others and a lot of that, I think, is going to be dependent upon exactly how the American craft beer market starts to evolve in some of those markets. So there's flexibility inherently built in to the agreement for that reason.

Tony Brenner - ROTH Capital Partners - Analyst

Okay. I have a question regarding the three-year fixed price acquisition targets for ABI. After which, after three years, it appears that ABI's position has weakened. So that makes it seem a lot more likely, therefore, that there would be an acquisition offer within the next three years, which raises a question, why wouldn't ABI simply reach out with an acquisition offer at this point in time, rather than -- rather than creating all these potential options down the road?

Andy Thomas - Craft Brew Alliance, Inc. - CEO

Yes. No -- I think your assessment's fair, Tony, in the sense that I can't speak for ABI. I've said that repeatedly. I don't speak for other parties.

Tony Brenner - ROTH Capital Partners - Analyst

No. So you're free to speculate then, right?

Andy Thomas - Craft Brew Alliance, Inc. - CEO

What I can tell you is we did have a lot of far-reaching conversations about what made the most sense, and we really did believe that this concept of kind of collaborative independence made the most sense for now. And we acknowledge though that it was a little bit more risky than doing the obvious thing, which might have been an all out buyout and that's why we put the mechanisms in place.

So I think if we look at that, the \$22, \$23.25 and \$24.50 provides a really nice I'll call it guardrail for our shareholders. I smile when I say that. It would be nice to see CBA share price at \$23.25 or \$23.50. But at the same time, we've tried to build in a series of cash flows that make the company viable in any event. So irrespective of whether or not, conditions evolve where ABI would make that qualifying offer, then our shareholders are well protected and the company's well protected, and I can hold my head high and this team can feel like we did a good job on behalf of all of our stakeholders, shareholders and employees alike.

If that doesn't happen, then we're in a really materially strong position because we still have all of the agreements enforced. We have access to the best distribution network in the world for another almost 10 years at \$0.25 a case and we have \$20 million in our pocket in order to figure out how to reinvest in the business.

So we feel like it's a really strong agreement from -- for CBA, and if we thought the best thing to do is to look for an acquisition today, that's what we would have done, but it was in our best judgment that this was in the best interest of our shareholders today and in the medium and long term.

Tony Brenner - ROTH Capital Partners - Analyst

Yes. The one thing that really changes over three years or one of the things that changes over three years is that it gives you time to create more potential Konas and build them into a meaningful volume level.

Andy Thomas - Craft Brew Alliance, Inc. - CEO

Yes. No, Tony, and I think that's why very explicitly -- I was careful and deliberate in the script and be careful and deliberate right now. The beauty of this agreement, ABI is not obligated to make an offer for CBA.

Tony Brenner - ROTH Capital Partners - Analyst

Right.

Andy Thomas - *Craft Brew Alliance, Inc. - CEO*

Maybe CBA is not obligated to accept an offer from ABI and I feel like I put our board in a really good position to have a series of nice opportunities down the road that they would be able to contemplate. And I think the manifestation of this agreement evidences the fact that our board does a great job in exercising business judgment with options available to us.

So I really feel like we've got a nice agreement in the short term -- more than a nice agreement on the short term. We've got a really good series of cash flows coming in that we can choose to reinvest or to augment our profitability with. We've got more flexibility on the brewing side. We've got access to international markets, and we've got this nice framework for the future.

So I mean I've got to tell you, I feel really good about the work the team's done and I feel really good that for all of you on the call largely, yourself included, Tony, who believed in us, certainly, this team over the last two and a half years, hopefully, this is further evidence on top of Q2 that, that confidence and that faith has been well placed.

Tony Brenner - *ROTH Capital Partners - Analyst*

Very good. Thank you, Andy.

Operator

Thank you. (Operator Instructions) Our next question comes from the line of Francesco Pellegrino with Sidoti & Company.

Francesco Pellegrino - *Sidoti & Company - Analyst*

Good afternoon, guys. So Andy, was this -- when we think about the long-term guidance you had previously given for obtaining a gross margin of 35% by 2017. Was this a deal that gets you to the 35% or gets you to above and beyond the 35%? Or the long-term guidance is sort of out the door right now when we consider some of the lumpiness that's going to be happening over the next six to eight [months]?

Andy Thomas - *Craft Brew Alliance, Inc. - CEO*

Man, Francesco, you're not helping [any]. Scott just breathed a big sigh of relief when you said the long-term guidance is out the door. I would candidly and this puts more pressure on us, but I think about it separately. So we didn't contemplate these agreements with ABI in our long-term guidance when we said we felt like we can get to 35%. We had -- we don't have a crystal ball, but we had an idea of where we needed to go and how we could get there. And as we started talking to the folks at ABI, we started out doing what I've messaged to you folks that we would do responsibly, which was start to talk about the fee cliff and what we're going to do about the distribution agreement. And my thanks at the end to Joao and Felipe were sincere because as we sat down at the table together

we found that that was just the tip of the iceberg. And the contract brewing and international and all the other things that we can work on come after that.

So that's just illustrative of the fact, I wouldn't think about this as having been baked into our 35% long-term guidance. Is our long-term guidance out the window? Well, in the sense that this changes everything, yes. And I think it's incumbent upon us as we start to digest this, and we start to factor it into our plans and as our board continues to do a good job governing management and running the company, we'll be sharing that with you probably as early as starting in the next quarter what we think the implications would be in the short term and what we think the long-term implication will be there too.

Francesco Pellegrino - Sidoti & Company - Analyst

All right. I appreciate that. Look, I get this is a great deal for CBA. My question for you is can your strategic partners grow at the rate necessary to join in the success of a deal like this?

Andy Thomas - Craft Brew Alliance, Inc. - CEO

Yes. I would say that unequivocally, yes. We're really fortunate in terms of the suite of options this gives us from a number of perspectives. So if you think about it from a route-to-market perspective, we continue to have great synergies, not just as ABI wholesaler network, the best distribution network out there, we only have to speak one voice to that network and not fragment a lot of our resources by having multiple wholesalers from multiple networks and multiple markets. So there is an inherent synergy there that our route to market still remains very clean. We've talked about that a lot.

On top of that, the opportunities we've got with the different breweries now and the work Scott can do on top of on the great work he and his team have done already gives us just the ton of opportunities to take a look at how do we match local brand and local market with dynamic sourcing from the brewery.

So if you understand where the market's moving and if you believe local is a real trend, not a fad which we do, if you believe that the plus in Kona Plus is important and that the evidence we started to see in Q2 from the plus partners like AMB and Cisco becoming real, you've got to believe that this agreement is a home run for them as well because basically it amplifies all of the opportunities and benefits that they had from working with CBA in the first place. And I'll use this as a little bit of a sales call to say, I think this makes us more attractive than we already were to additional partners who are looking for somebody who can give them that clean route-to-market, demonstrate that they help a local brand to grow deeper and stronger and continue to grow world-class quality craft beers and get them distributed to the wholesalers.

Francesco Pellegrino - Sidoti & Company - Analyst

That's really interesting because I've been reading some conflicting reports about what the Molson Coors acquisition of SABMiller interest in MillerCoors, just it would mean for the craft industry overall. You mentioned that this sort of makes you more appealing for some of the smaller craft brewers in this space to sort of just get some distribution through a larger craft brewer. Does this though limit your ability to acquire a brand? And is just more of these partnership deals that we're going to see going forward? And I think in the past, when you guys had Goose Island, you might have learned the hard lesson and just the way that this deal has been financially structured, just

really speaks to me about a company that might have learned from a couple of mistakes when you unloaded Goose Island back in the day. But is this all just organic growth going forward? And does it limit your ability to acquire outright a brand?

Andy Thomas - *Craft Brew Alliance, Inc. - CEO*

Man, I'm going to invoke Tony Brenner here and say that's a lot of information in that question or a lot of questions in there. So let me just address a few things kind of from top of mind. I'll harken back to Vivien's question in terms of what does this mean for our M&A strategy and that I think this gives us more opportunity and more options. And I will resist the temptation to say what direction I think it will take us one way or the other, other than just I feel really good about our partner strategy. I feel really good about our capacity to work with people on arm's length all prop basis or to potentially look at full acquisition of some folks. So that's one thing.

I think -- have we learned? I will tell you that even after 20 somewhat years in the beer business and with as experienced a team as I have, we learn every day because this market is evolving in ways unlike anybody would have ever predicted.

So I don't think there's any -- I don't think there's anything inherent in these agreements that I would say we're trying to make for something that was done in the past. But I would say that the agreement, yes, have we learned from the value of local brands or none of us were around candidly when the Goose deal was done, so I'm not even going to comment on that, it's a little bit of Monday morning quarterbacking when I wasn't in the conference room. So I think for us, partner brands, M&A strategy, our ability to continue to be vibrant in the craft space, all of those are significantly enhanced by all of these agreements.

Francesco Pellegrino - *Sidoti & Company - Analyst*

Okay. And before I jump off on the call, again, congratulations, but just to quickly go over the economics, I have the first point \$10 million in cost savings a year over the next decade which comes out to \$1 million a year, \$6 million in cost savings annually starting in 2019 and beyond, \$3 million of that coming from the fact that ABI is able to produce a barrel at \$10 per barrel lower, times the 300,000 barrels gets me to \$3 million. Just wondering where the rest of the \$3 million is coming from? And in addition, the international incentive plan, the \$3 million in 2016, \$5 million in 2017 and \$6 million in 2018 and 2019, are those paid at the end of each year or at the end of 2019? That was throwing me off a little bit and with that, I'll jump back in the queue. Thanks again, guys.

Andy Thomas - *Craft Brew Alliance, Inc. - CEO*

All right. Thanks, Francesco. Let me go back and try to kind of requantify. So the first benefit is starting in 2019, we'll see \$6 million plus or minus in savings from elimination of the fee cliff. The second is when fully operationalized, there will be \$3 million minimum in terms of the contract brewing benefit. The third is in terms of the international royalty payment, which to your point, on an annualized basis, I won't include '16 in that, but it would be \$5 million or \$6 million, and then you've got the value in the \$20 million international incentive and/or the threshold qualifying offer price.

So when you look at fully operationalizing all of those things, plus some of the synergies that will kick out, mainly the distribution agreement -- so the distribution agreement, the contract brewing agreement, the international royalty

and some CapEx avoidance that we'll have, that's what gets you to the \$10 million per year, Francesco, not over 10 years.

Francesco Pellegrino - Sidoti & Company - Analyst

Yes, okay, thank you.

Operator

And I'm showing no further questions, and I would like to turn the conference back over to CEO, Andy Thomas, for any closing remarks.

Andy Thomas - Craft Brew Alliance, Inc. - CEO

Thanks, Michelle. I appreciate everybody's continuing support of CBA and being available for this call. We look forward to discussing the results of the third quarter of 2016 with you soon. Thank you, and have a great day.

Operator

Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program, and you may all disconnect.

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