

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported):

December 31, 2019

**CRAFT BREW ALLIANCE, INC.**

(Exact Name of Registrant as Specified in its Charter)

Washington  
(State or Other Jurisdiction of Incorporation)

0-26542  
(Commission file number)

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

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

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

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

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

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

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

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

Emerging growth company

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

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**Item 1.01. Entry into a Material Definitive Agreement.**

On December 31, 2019, Craft Brew Alliance, Inc. (the "Company"), and Bank of America, N.A. ("BofA"), executed a Fourth Amendment (the "Amendment") to the Amended and Restated Credit Agreement dated as of November 30, 2015 (the "Credit Agreement"), by and among the Company as borrower, its subsidiaries as guarantors, and BofA as lender. The primary changes effected by the Amendment were to: (i) add new defined terms relating to that certain Agreement and Plan of Merger, dated as of November 11, 2019, by and among the Company, Barrel Subsidiary, Inc., and Anheuser-Busch Companies, LLC (the "A-B Merger"); (ii) revise the definition of Consolidated EBITDA to account for legal fees and expenses paid in cash in connection with the A-B Merger; and (iii) revise the financial covenants contained in Section 7.11 of the Credit Agreement.

The Credit Agreement provides for a credit facility which includes a \$45,000,000 reducing revolving facility, including a \$2,500,000 sublimit for the issuance of standby letters of credit, as well as a term loan facility in the amount of \$8,381,000 as of the date of this report. The maximum amount of the revolving facility is subject to loan commitment reductions in the amount of \$750,000 each quarter beginning March 31, 2020. The Company may use the proceeds of the credit facility for general corporate purposes, including capital expenditures. The term of the credit facility expires on September 30, 2023.

As amended, the Credit Agreement requires the Company to satisfy the following financial covenants: (i) on or after the earliest to occur of July 1, 2020 or the termination of the A-B Merger, a Consolidated Leverage Ratio of 3.50 to 1.00; (ii) on or after the earliest to occur of July 1, 2020 or the termination of the A-B Merger, a Fixed Charge Coverage Ratio of 1.20 to 1.00; and (iii) on a trailing four-quarter basis at each of March 31, 2020 and June 30, 2020, a minimum Consolidated EBITDA of \$3,000,000. Failure to maintain compliance with these covenants is an event of default and would give BofA the right to declare the entire outstanding loan balance immediately due and payable.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits:

The following exhibit is filed with this Form 8-K:

[10.1](#) Fourth Amendment to Amended and Restated Credit Agreement, dated December 31, 2019, by and among Craft Brew Alliance, Inc., its subsidiaries, and Bank of America, N.A.

**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: January 7, 2020

By: /s/ Edwin A. Smith

Edwin A. Smith

*Corporate Controller and Principal Accounting Officer*

## Execution Version

## FOURTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

**THIS FOURTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT** (this "Amendment"), dated as of December 31, 2019, is by and among **CRAFT BREW ALLIANCE, INC.**, a Washington corporation (the "Borrower"), the Guarantors party hereto, and **BANK OF AMERICA, N.A.**, as lender (in such capacity, the "Lender"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement.

## WITNESSETH

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

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

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

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

ARTICLE I  
AMENDMENTS

**1.1 New Defined Terms.** The following defined terms are hereby added to Section 1.01 of the Credit Agreement in the appropriate alphabetical order:

"A-B Merger" means the purchase or acquisition, directly or indirectly, of all of the outstanding shares of the Borrower (to the extent not already owned, directly or indirectly, by the A-B Parent).

"A-B Merger Agreement" means that certain Agreement and Plan of Merger, dated as of November 11, 2019 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time), by and among the Borrower, Barrel Subsidiary, Inc., a Washington corporation, and the A-B Parent, pursuant to which the A-B Parent has agreed to purchase or acquire, directly or indirectly, all of the outstanding shares of the Borrower (to the extent not already owned, directly or indirectly, by the A-B Parent).

"A-B Parent" means Anheuser-Busch Companies, LLC, a Delaware limited liability company.

**1.2 Amendment to Consolidated EBITDA.** The definition of "Consolidated EBITDA" set forth in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Consolidated EBITDA" means, for any period, the sum of the following determined on a Consolidated basis, without duplication, for the Borrower and its Subsidiaries in accordance with GAAP, (a) Consolidated Net Income for the most recently completed Measurement Period plus (b) the following to the extent deducted in calculating such Consolidated Net Income (without duplication): (i) Consolidated Interest Charges, (ii) the provision for federal, state, local and foreign income taxes payable, (iii) depreciation and amortization expense, (iv) non-cash charges and losses, (v) during the fiscal year ending December 31, 2019, (A) legal fees and expenses paid in cash by the Borrower in

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respect of the Broomfield Class Action Litigation not to exceed, in the aggregate during such fiscal year, \$1,200,000 and (B) to the extent approved in writing by the Lender (in its sole discretion), other charges, fees and expenses paid in cash in connection with the Broomfield Class Action Litigation not to exceed, in the aggregate during such fiscal year, \$5,300,000 (or such greater amount as may be agreed by the Lender in its sole discretion), excluding, for the avoidance of doubt, in each case of this cause (v), any such amounts that have been previously added back or accrued as non-cash charges and losses pursuant to clause (iv) above), and (vi) to the extent approved in writing by the Lender (in its sole discretion), other charges, fees and expenses paid in cash in connection with the A-B Merger (including, without limitation, employee retention payments), excluding, for the avoidance of doubt, in each case of this cause (vi), any such amounts that have been previously added back or accrued as non-cash charges and losses pursuant to clause (iv) above) less (c) without duplication and to the extent reflected as a gain or otherwise included in the calculation of Consolidated Net Income for such period, non-cash gains (including the reversal of any accrual by reason of an over-accrual of costs, fees and expenses in respect of the Broomfield Class Action Litigation).

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

“(a) **Consolidated Leverage Ratio.** Effective as of the Measurement Period ending December 31, 2019, on or after the earlier to occur of (i) July 1, 2020 or (ii) the termination of the A-B Merger, as of the last day of any fiscal quarter during any Measurement Period, permit the Consolidated Leverage Ratio to be greater than 3.50 to 1.00.

(b) **Consolidated Fixed Charge Coverage Ratio.** Effective as of the Measurement Period ending December 31, 2019, on or after the earlier to occur of (i) July 1, 2020 or (ii) the termination of the A-B Merger, permit the Consolidated Fixed Charge Coverage Ratio at any time to be less than 1.20 to 1.00.

(c) **Minimum Consolidated EBITDA.** For the Measurement Periods ending March 31, 2020 and June 30, 2020, permit the Consolidated EBITDA as of the end of such Measurement Period to be less than \$3,000,000.”

## ARTICLE II CONDITIONS TO EFFECTIVENESS

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

(a) **Executed Amendment.** The Lender shall have received a copy of this Amendment duly executed by each of the Loan Parties and the Lender.

(b) **Fees and Expenses.** The Lender shall have received from the Borrower other fees and expenses that are payable in connection with the consummation of the transactions contemplated hereby and Lender’s legal counsel shall have received from the Borrower payment of all outstanding fees and expenses previously incurred and all fees and expenses incurred in connection with this Amendment.

(c) **Default.** After giving effect to this Amendment, no Default or Event of Default shall exist.

(d) **Miscellaneous.** All other documents and legal matters in connection with the transactions contemplated by this Amendment shall be reasonably satisfactory in form and substance to the Lender and its counsel.

## ARTICLE III MISCELLANEOUS

**3.1 Amended Terms.** On and after the Amendment Effective Date, all references to the Credit Agreement in each of the Loan Documents shall hereafter mean the Credit Agreement as amended by this Amendment. Except as specifically amended hereby or otherwise agreed, the Credit Agreement and the other Loan

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Documents are hereby ratified and confirmed, including the Liens granted thereunder, and shall remain in full force and effect according to its terms.

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

(a) It has taken all necessary action to authorize the execution, delivery and performance of this Amendment.

(b) This Amendment has been duly executed and delivered by such Person and constitutes such Person's legal, valid and binding obligation, enforceable in accordance with its terms, except as such enforceability may be subject to (i) bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(c) No consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or third party is required in connection with the execution, delivery or performance by such Person of this Amendment.

(d) The representations and warranties of the Borrower and each other Loan Party contained in Article II of the Credit Agreement, Article V of the Credit Agreement or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall (i) with respect to representations and warranties that contain a materiality qualification, be true and correct on and as of the Amendment Effective Date and (ii) with respect to representations and warranties that do not contain a materiality qualification, be true and correct in all material respects on and as of the as of the Amendment Effective Date, and except that the representations and warranties contained in Sections 5.05(a) and (b) of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to Sections 6.01(a) and (b) of the Credit Agreement, respectively.

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

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

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

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

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

**3.5 Expenses.** The Borrower agrees to pay all reasonable costs and expenses of the Lender in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable fees and expenses of the Lender's legal counsel.

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

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

**3.8 Counterparts; Telecopy.** This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart to this Amendment by telecopy or other electronic means shall be effective as an original and shall constitute a representation that an original will be delivered.

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

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

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

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

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

**BORROWER:**

**CRAFT BREW ALLIANCE, INC.**, as the Borrower

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

**GUARANTORS:**

**KONA BREWERY LLC**, as a Guarantor

By: /s/ Andrew J. Thomas  
Name: Andrew J. Thomas  
Title: Manager

**CRAFT VENTURES, LLC**, as a Guarantor

By: Craft Brew Alliance, Inc., its Manager

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

**WYNWOOD BREWING COMPANY LLC**, as a Guarantor

By: /s/ Andrew J. Thomas  
Name: Andrew J. Thomas  
Title: Manager

**LENDER:**

BANK OF AMERICA, N.A., as Lender

By: /s/ Michael Snook

Name: Michael Snook

Title: Senior Vice President